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Daily Report

East Asia

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Daily Report

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Agenda, Attendees to Bogor APEC Summit Reported

APEC To Fulfill U.S. Goals

*OW0311011694 Tokyo KYODO in English 2355 GMT
2 Nov 94*

[By Antonio Kamiya]

[FBIS Transcribed Text] Washington, Nov. 2 KYODO—Architects of U.S. trade policy have reasons to cheer when leaders of the 18 Asia-Pacific nations and territories meet in Bogor, Indonesia, on Nov. 15 for the second Asia-Pacific Economic Cooperation (APEC) forum summit. There, by most accounts, the APEC leaders are likely to commit themselves to removing all major trade barriers in the region by a certain target date.

Such a political commitment, however vague and tentative it might be, marks yet another milestone in the U.S. Administration's carefully orchestrated design to refashion the global trading system to match its own image. That strategy, developed in the 1980s but hammered home with great vigor under the Clinton administration, takes on a multilayered approach that has engaged Washington on several fronts—global, regional and bilateral.

Last April, after eight years of negotiations, the United States clinched a global trade pact, which for the first time put two major trade sectors where the U.S. is strongest—services industry and farming—into trade rules under the GATT system. The U.S. believes a liberalized, global trade regime will inject as much as 1 trillion dollars into the U.S. economy over a 10-year period.

Regionally, the U.S. has consolidated its position as the favored trader in the Western Hemisphere through the North American Free Trade Agreement (NAFTA) with Mexico and Canada, a pact the U.S. clearly wants extended to other Latin American countries south of Mexico.

That pan-American spirit is expected to take another boost when President Bill Clinton returns from Asia and joins leaders of the American continent for a Florida summit of the Americas set for early December.

Washington has also pursued trade goals on a nation-to-nation basis. Taking advantage of the U.S. position as the richest, biggest single market in the world, the Clinton administration has strong-armed Japan, China and other countries deemed by the U.S. as "unfair" traders into accepting U.S. ways of doing things. And turning APEC into a vehicle for building "a community of Asia-Pacific economies"—the U.S.-inspired goal APEC leaders accepted in Seattle a year ago—reflects the system-building process Clinton's economic team has pursued in furthering global U.S. trade interests.

"We view APEC as the new regional economic architecture for the Asia-Pacific region and for our relationships with Asia," says Assistant U.S. Trade Representative Nancy Adams in a message the Clinton administration has been trumpeting in the run-up to the Bogor summit.

U.S. economic stakes in Asia-Pacific are high, judging by the potential of the east Asian markets, home to the fast-growing economies in the world.

Last year, U.S. goods sold to Pacific Rim countries outside North America totaled 130 billion dollars, which was 20 percent greater than U.S. exports to Europe. More importantly, the fast Asian economies have been sucking in U.S.-made goods at a pace unparalleled elsewhere.

According to Commerce Department figures, U.S. merchandise exports to Pacific Rim countries grew 12.7 percent this year—almost twice the pace of growth for U.S. exports to the rest of the world. And U.S. economists believe American businesses can do much better in Asia, once trade barriers fall.

According to some U.S. economists, the trade liberalization process—the main agenda at the APEC summit in Bogor—is primarily a job cut for Asian member countries.

"Given the fact that all of the countries in the region, outside North America in particular, have lots of trade barriers... Very little would actually be required from the United States," said U.S. economist Fred Bergsten, chairman of a panel of trade experts from APEC countries that has proposed achieving free trade in the region between 2010 and 2020.

"So, trade liberalization, or particularly moving to totally free trade in the region, means enormous competitive gain to the United States," Bergsten recently told a trade forum in Washington. Bergsten, who heads an influential economic think tank in Washington, argues that the huge size of the U.S. market is bound to draw Asian countries to the U.S.

"Almost all of the Asian countries, despite diversification of their trade pattern, still depend on the U.S. market for something like a quarter to a third of all of their export earnings. Therefore, continued access to the U.S. is of critical importance to them," he said.

2020 To Be Liberalization Deadline

*OW0311063994 Tokyo KYODO in English 0612 GMT
3 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 3 KYODO—A declaration at the upcoming APEC summit will set the year 2020 as a target for completing trade liberalization in the Asia-Pacific area, Japanese Government officials said Thursday [3 November]. The declaration on freer trade and investment to be adopted at the informal summit of the Asia-Pacific Economic Cooperation (APEC) forum on Nov. 15 in Indonesia will set a

deadline of 2010 for advanced nations and newly industrializing countries, and 2020 for developing countries, the officials said.

The Bogor Declaration, named after the summit's venue of Bogor, a resort town some 50 kilometers south of Jakarta, will also call for all APEC members to begin work in 1995 toward achieving the target, the officials said. Japan will accept the freer trade plan and, as host of next year APEC summit in Osaka, will vow maximum efforts to give concrete shape to the declaration, the officials said. The expected inclusion of a specific trade liberalization time framework for the Asia-Pacific region will provide added impetus to achieving the original APEC goal of promoting an open trading system on a multilateral basis.

The upcoming APEC summit, the second of its kind since the Seattle gathering in November last year, will bring together leaders from 18 countries and territories in the Asia-Pacific area.

The expected time frame for freer Asia-Pacific trade is basically in line with a recommendation by the eminent persons group, an APEC advisory body. The group issued a report at the end of August calling for free trade in all goods and services in the APEC area by 2020.

The report set the deadline at 2010 for advanced countries, 2015 for newly industrializing nations and 2020 for developing countries. It calls for the liberalization process to begin in the year 2000 for all countries.

In the declaration, APEC leaders will also reach agreement on reducing and eliminating trade rules and practices hindering free trade in the Asia-Pacific region, the officials said. Such accords will include unification of trade standards and certificates, freer investment environments and establishment of a dispute settlement mechanism, they said.

The Committee on Trade and Investment, a subordinate organ of APEC, is crafting a set of common rules on standards and certificates for manufactured goods and unified customs procedures. The proposed dispute settlement framework, called "the dispute mediation service," is a mechanism with nonbinding force designed to supplement the role of an "arbitration" organ to be set up under the planned world trade organization, the officials said.

Indonesian President Suharto, who will chair the upcoming Bogor meeting, will soon present a final draft declaration to each APEC member.

"The content of a final version is still fluid," the officials said, citing a cautious approach toward accelerated APEC trade liberalization, a stance taken by some APEC members, especially Malaysia. APEC groups the United States, Canada, Mexico, Japan, China, South Korea, Hong Kong, Australia, New Zealand, Papua New

Guinea, Taiwan and the six-member Association of Southeast Asian Nations. Chile will join the group during the Bogor meeting.

Taiwan, Hong Kong Not To Attend

BK0311013794 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 3 Nov 94

[FBIS Translated Text] All APEC [Asia-Pacific Economic Cooperation] leaders except those from Chinese Taipei [Taiwan] and Hong Kong will attend the APEC summit in Bogor, West Java on 15 November. Foreign Minister Ali Alatas said this to reporters following a preparatory meeting ahead of the APEC ministerial meeting in Jakarta yesterday. The preparatory meeting, which was also attended by several other ministers of the Sixth Development Cabinet, was chaired by Hartarto, coordinating minister for industry and trade.

According to Minister Ali Alatas, Indonesia will maintain the format used at the Seattle summit last year for the APEC summit in aBogor. Under the Seattle format, all countries except Chinese Taipei and Hong Kong will be represented by their presidents or prime ministers. Chinese Taipei and Hong Kong will be represented by their economic affairs ministers respectively.

Meanwhile, the coordinating minister for industry and trade said the APEC ministerial meeting will be held on 11 and 12 November. The sixth ministerial meeting will be held against a backdrop of efforts to enhance cooperation among APEC members. According to Minister Hartarto, APEC members must accelerate the development of three important areas as part of their efforts to enhance cooperation. They are trade expansion, investment, and economic cooperation.

SRV Request To Attend Rejected

BK0211052094 Bangkok THE NATION in English 2 Nov 94 p 1

[FBIS Transcribed Text] Vietnam has failed in its bid to attend the annual Asia-Pacific Economic Cooperation meetings planned for Jakarta this month. Indonesian Ambassador to Vietnam Jafar H. Arsegar said "it seems Vietnam will not join the APEC forum either as an observer or guest of the host country".

Diplomatic sources said Vietnamese Foreign Minister Nguyen Manh Cam had written to ASEAN foreign ministers seeking their support for Vietnam's participation in this year's APEC forum. Other ASEAN countries have said it was up to Indonesia to decide as host of the meetings. Vietnam has formally applied for membership of ASEAN after it was granted observer status at its meetings and is expected to be admitted next year.

APEC, which groups ASEAN, China, Hong Kong, Taiwan, Australia, Canada, Japan, New Zealand, Mexico, the United States and Papua New Guinea, and

will admit Chile at this annual meeting, imposed a three-year moratorium on new membership beginning last November.

"The time is not ripe for Vietnam and, for the time being, we cannot do anything," said Ambassador Arsegar.

Other Pacific rim countries which qualify to participate have also expressed interest, he said.

"If Vietnam is invited, those others would also like to join."

Vietnamese President Le Duc Anh was the first person to express Vietnam's interest in joining the APEC talks during his meeting with President Suharto in April this year. Indonesia's decision that it was unable to help Vietnam attend this year's APEC meeting was conveyed to Vietnamese Deputy Foreign Minister Vu Khoan during his visit to Jakarta last month for an ASEAN study tour, according to Mr Arsegar.

Assistant US Trade Representative Nancy Adams said recently in Bangkok that Vietnam's imminent membership of ASEAN should not be considered an automatic qualification for APEC membership.

"Becoming a member of ASEAN is not a back door to membership in APEC. There's no link between the two," she said. Vietnam has not yet normalised relations with the US and this may pose an "awkward" situation if Vietnam is a member of ASEAN which is a dialogue partner with the US. Normalisation is not expected to take place before April next year when Vietnam celebrates the 20th anniversary of the fall of South Vietnam.

Thailand Sees APEC as Consultative

*BK0211061594 Bangkok BANGKOK POST in English
2 Nov 94 p 9*

[Report by Wichit Sirisithawiphon and Somphon Thannaphonchai]

[FBIS Transcribed Text] Thailand would rather see the Asia-Pacific Economic Co operation (APEC) function as a consultative forum than being institutionalised, according to government spokesman Aphisit Wetchachiwa.

The spokesman said Thailand agreed with APEC's free trade proposal and the time frame to realise the free trade area in the year 2020. The country could achieve free trade efforts at a faster pace as it has an agreement with ASEAN to become a free trade area by the year 2003. Moreover, Thailand has to reduce the tariffs and tax barriers according to the General Agreement on Tariffs and Trade (GATT) by the year 2000. Therefore, the liberalisation suggested by the Eminent Persons Group (EPG) by the year 2010 or 2020 should not pose any difficulties for Thailand. He said now it is too soon to talk about the development of APEC from consultative forum to an institution.

The spokesman pointed out that development should be made gradually and economic differences among the member countries would be reconciled. The agenda in the current APEC meeting includes technology transfer, human resources development, and development of medium and small-scale industry. Such efforts could fill up development gaps among the APEC member countries.

The spokesman also pointed out that Thailand maintained its stand that entry into the free trade scheme should be made on a voluntary basis and the operation should be consistent with the GATT procedures.

Mr Aphisit said Thailand has agreed upon APEC's free trade proposal. But the proposal has been stated broadly. It does not define to what extent the free trade is and which industries have high priority to enter into the free trade scheme. Therefore, issues concerning extent and priority of the industry will be reconsidered again. He noted that the ASEAN group has agreed that its position or attitudes towards APEC does not have to be the same.

Now Singapore and Brunei are willing to accept APEC's free trade scheme. Indonesia, which is the leader of the meeting, is expecting certain conclusions from the meeting while Malaysia is opposing APEC's free trade scheme. He added that Thaksin Chinnawat, the newly appointed foreign minister, will attend the meeting. Dr Thaksin is well prepared as the matter is crucial for the country.

Yesterday, Chulalongkon University organised a panel discussion on "Thailand and APEC".

Narongchai Akharaseni, chief executive officer of General Finance and Securities and panel moderator, commented that the institutionalisation of APEC will guarantee its survival in the long run. He said APEC should have similar organisations like ASEAN.

Dr Narongchai said ASEAN has maintained its continuity as it operates through various organisations. He said the progress of APEC has not been made at an impressive level because it lacks bodies to implement its initiatives. If APEC could be classified roughly into two groups, it could be represented by the Anglo-Saxon and Asia. Then, Dr Narongchai said the Anglo-Saxon group would not agree with the idea to work through the consultative forum, whereas the Asian counterpart would prefer the consultative forum as APEC mechanisms.

He predicted that if APEC is not institutionalised then the Anglo-Saxon enthusiasm will decrease. He commented that the leaders of APEC member countries will discuss the objectives and those who disagree with the theme of the consolidation would be allowed to withdraw. He said the situation is comparable to being a member of a club, if one does not want to behave like the other members, then he/she is allowed to resign.

Dr Narongchai also suggested there should be an obligation where developed countries would not apply measures to maximise their own gains for example, the

withholding of the application of Section 301 of the trade act to allow the United States to have shares in Asia.

Japan

Takemura Agrees With Bentsen on Foreign Exchange

OW0311031594 Tokyo KYODO in English 0300 GMT
3 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 3 KYODO—Finance Minister Masayoshi Takemura said Thursday [3 November] that he shares the view on foreign exchange rates with U.S. Treasury Secretary Lloyd Bentsen.

After the dollar hit a postwar global low of 96.11 yen in New York on Wednesday, Bentsen said in a statement that the dollar's fall will have adverse effects on the world economy.

Takemura said, "We will keep careful watch on developments of foreign exchange rates and we will respond in a timely and appropriate manner in close contact with other countries."

U.S. Urged To Be Firm on Stabilizing Dollar

OW0211141794 Tokyo YOMIURI SHIMBUN in
Japanese 31 Oct 94 Morning Edition p 3

[Editorial: "The United States Should Take a Firm Position on Stabilizing the Dollar"]

[FBIS Translated Text] Last weekend, a sign of optimism was seen in the exchange rate of the dollar, which has continued to fall against the yen, the German mark, and other major currencies.

An announcement by the U.S. Department of Commerce was able to confirm that the U.S. economy continued steady growth in the July-September period, while commodity prices remained stable. Thus, prices began to rise at the New York bond and stock markets, and as a result, the dollar appreciated for the first time in a long while.

The immediate reasons for the depreciation of the dollar against all major currencies since the beginning of October are concerns about potential inflation in the U.S. economy, the vacillation of the Federal Reserve Board (FRB), which is in charge of monetary and financial policy, in taking steps to prevent inflation and stop dollar depreciation, and the financial market's distrust of the Clinton administration's economic policy itself.

Against this background, the reckless remark by Secretary of the Treasury Lloyd Bentsen that the United States "has no desire to intervene to stop dollar depreciation" brought about the lowest exchange rate of the dollar against the yen in postwar history, and the lowest rate for the dollar against the mark, the Swiss franc, and other currencies in two years at the start of last week.

The statistics published by the Commerce Department last weekend calmed down the market, which is very

sensitive to data indicating forthcoming inflation, and provided the opportunity to break the trend of dollar depreciation.

We hope the U.S. Government and the FRB will also take advantage of this opportunity to take a firm stand on stopping dollar depreciation and preventing inflation.

Specifically, if the value of the dollar drops rapidly again from this week on at the exchange market, the United States should lead the other countries in initiating decisive intervention. In addition, it should make the decision to raise interest rates further to prevent inflation at the meeting of the Federal Open Market Committee's (FOMC) meeting scheduled for mid-November.

Although statistics shows that commodity prices are stable, this does not mean that concern about inflation in the future has disappeared.

While corporate capital investment stays at a high level, and personal consumption, including housing construction and automobile sales, is also enjoying a boom, economists still adhere to the view that "inflation rate will rise by next year."

If the U.S. economy succeeds in containing inflation, and in continuing prolonged growth, it will be a positive factor for the world economy, and will also contribute to the stability of the dollar.

The stability of the dollar is also important for Japan, which is heading toward economic recovery at long last, and for the other major monetary powers. Needless to say, policy coordination between Japan, the United States, and Europe will be indispensable toward this end.

On the short-term, concerted intervention to prevent rapid dollar depreciation, and on the long-term, correcting the trade imbalance will be particularly important. In the case of Japan, steady reduction of its huge trade surplus will be of special importance.

Some changes have actually taken place in Japan's trade balance. The surplus in dollar terms for the April-September period was lower than the same period in the previous year for the first time in three and a half years. This is because changes have also taken place in the import-export structure, with companies moving production plants overseas, and trading firms expanding development and import efforts because of the rapid appreciation of the yen.

We hope the Murayama administration, through the expansion of domestic demand with its 630-trillion-yen basic public investment program, and the steady implementation of a deregulation program, including measures to open the market, will further reinforce this trend of surplus reduction.

U.S. 'Likely' To Stress Structural Issues

OW0211133794 Tokyo KYODO in English 1229 GMT
2 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 2 KYODO—The United States will likely emphasize deregulation and

other structural issues in "framework" trade talks with Japan, easing slightly its trade stance with the country, a senior Japanese trade official said Wednesday.

Rather than sticking to controversial sectoral issues such as autos and flat glass, a comprehensive review of rules and regulations that hamper bilateral trade flows would bring about more merits both for Japan and the U.S., said the official at the Ministry of International Trade Industry (MITI). Who declined to be named.

"When the 'framework' talks were launched, Washington placed an emphasis on this approach and Japan is prepared to welcome such a stance," the official said.

The approach is similar to that taken by the administration of former President George Bush under the Structural Impediments Initiative (SII) talks, he said.

The official said the U.S. will clarify its new stance in working-level 'framework' talks on deregulation to be held in mid-November.

On a forthcoming meeting between MITI chief Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor in Indonesia, the MITI official said discussion will center on "a broader range of areas designed to expand bilateral cooperation."

Major trade framework issues have already been settled while conflicting areas like auto parts trade have no prospects for an immediate solution, the official said.

The official did not clarify specifically what topics will be taken up at the Hashimoto-Kantor meeting.

Asked about Japan's reaction to a possible U.S. request to resume the stalled auto trade talks, the official said Tokyo is not ready for such a request unless Washington shows a clear commitment not to raise already-settled issues, such as the government's role in auto parts purchase plans by Japanese automakers.

Hashimoto and Kantor are expected to meet when they visit Jakarta next week to attend the ministerial meeting of the Asia-Pacific Economic Cooperation (APEC) forum, which will be followed by the informal APEC summit.

On the latest talks on ways to enhance foreign access to Japan's flat-glass market, the MITI official said the failure to strike an accord by the Oct. 31 deadline was partly traced to Washington's renewed call for introducing "something like numerical targets." But he did not elaborate on the request.

Japan and the U.S. were also unable to narrow the gap over how to define "foreign-made products" in glass trade, the official said.

Washington did not drop a demand that products made by Japanese companies in the U.S. be excluded from the amount of Japan's imports, the official said.

The two countries spent full six days from last Wednesday to devise detailed market-opening measures in glass trade in line with a ministerial accord at the beginning of October.

Toyota To Increase Minivan Production in U.S.

OW0311064594 Tokyo NIHON KEIZAI SHIMBUN in Japanese 1 Nov 94 Morning Edition p 13

[FBIS Translated Text] Toyota Motor Corporation plans to manufacture minivans in the United States and sell them in the North American market around 1996. Toyota is developing a new model of minivan based on its "Camry" sedan (sold as the "Sceptor" in Japan) to be produced at the Toyota Motor Manufacturing (TMM) located in Kentucky. Toyota plans to make an official announcement on the plan by the end of this year at the earliest. The plan is to deal with the worsening export balance resulting from the appreciated yen. With the production of new a model in the United States, Toyota is expected to call off exports of the minivan "Previa" (known as "Estima" in Japan) to the United States.

The new minivan to be produced in the United States bases its model on the TMM-made "Camry," which undergoes a model change in 1995. The new model of minivan is a front-wheel drive seven-seater car with a V-6 3,000 c.c. engine. The size is almost the same as the "Previa" (seven-seater), which has a 2,400 c.c. engine. Toyota plans to produce approximately 5,600 minivans a month.

Minivans are very popular in the North American market. At present, Toyota is exporting 2,000 "Previa" a month to North America. However, because of a decrease in competitive power caused by the appreciated yen, Toyota has decided to produce minivans in the United States. The TMM produced 230,000 "Camrys" in 1993 and now plans to increase the output to 400,000 in 1996. Toyota sees the production of minivans at the TMM improving the operating ratio of the TMM, which also started shipping the high-end "Avaron" [as published] sedan in September.

Toyota Motor Corp. plans to increase output in North America to 790,000 autos in 1996, about 50 percent up from 1993. Toyota says it is possible for the TMM to increase its annual output to 450,000 to 460,000 if sales of the "Camry" and "Avaron" remain good.

In addition, Toyota plans to increase the production of the small truck "Hi-Lux" at "NUMMI" (located in California), which is a joint venture company established with General Motors (GM), while increasing Toyota's engine manufacturing factories in Ontario, Canada. In this way, the production of autos in North America seems to be further promoted.

In Japan, meanwhile, Toyota has entrusted Toyota Auto Body Co., Ltd., Toyota-affiliated firm, to produce "Previa." Toyota says industrial-hollowing out can be avoided by increasing sales in the domestic market.

Tokyo To Confirm 'New Relationship' With U.S.

OW0311130094 Tokyo NHK General Television
Network in Japanese 1000 GMT 3 Nov 94

[Announcer-read report; from the "NHK News 7" program]

[FBIS Translated Text] At a meeting with U.S. President Bill Clinton in Indonesia in mid-November, Prime Minister Tomiichi Murayama intends to confirm that Japan and the United States should work toward building a new relationship to mark the 50th anniversary of the end of World War II next year, so the two countries will be able to cooperate in dealing with various world issues. Murayama is to meet Clinton when the APEC, or Asia-Pacific Economic Cooperation Conference, holds top-level meetings. It will be their second meeting since July this year.

Murayama will tell Clinton that Japan has agreed with other Asian countries to promote peaceful and friendly exchanges to mark the 50th anniversary of the end of World War II next year. He also intends to confirm that Japan and the United States should build a new relationship now that the Cold War has ended. He wants the two countries to cooperate to deal with various world issues.

Relations between the two countries have recently been impaired by economic problems. It seems Murayama wants to make bilateral relations more stable by establishing a new relationship.

Murayama Comments on APEC Development Role

OW0311111394 Tokyo KYODO in English 1044 GMT
3 Nov 94

[FBIS Transcribed Text] Jakarta, Nov. 3 KYODO—Japanese Prime Minister Tomiichi Murayama has said the Asia-Pacific Economic Cooperation (APEC) forum should consider the different levels of economic development of its members in advancing the promotion and liberalization of trade and investment, Indonesia's state news agency ANTARA reported Thursday [3 November].

In written answers to questions posed by ANTARA, Murayama said, "Japan thinks it is important that, in the future, APEC advance the promotion and liberalization of trade and investment in a manner conforming to the multilateral free trade system, with due consideration of members' differences in levels of economic development."

In his written reply to ANTARA, a copy of which was obtained by KYODO News Service, Murayama also urged APEC "to generate concrete results in spheres which are of deep concern to the participating developing economies..."

The participation, Murayama said, should be stressed in cooperation for the development of human resources,

small and medium enterprises and infrastructure. Eighteen members will participate in the APEC meeting, hosted by Indonesia this year, which begins next Thursday.

Murayama also told ANTARA that securing the future economic development of the Asia-Pacific region is a matter of great common concern among the participating members of APEC. "Japan believes that not turning APEC into a closed economic bloc and promoting 'open regional cooperation' can make this economic development more certain," he said.

FNN Talk Show Debates Asian Policy, EAEC

OW0211140794

[FBIS Editorial Report] Tokyo FNN Television Network in Japanese at 2307 GMT on 29 October, during its "News 2001" talk show, which is moderated by Yuji Kuroiwa and Megumi Sekito and begins at 2230 GMT, carries a live 38-minute discussion on Japan's foreign policies toward Asian nations. Participants are Liberal Democratic Party (LDP) member Shintaro Ishihara, who wrote the book, "The Japan That Can Say No"; Hisahiko Okazaki, researcher of diplomatic strategy; and Susumu Nishibe, political commentator. Kenichi Take-mura, the program's regular commentator, also joins the discussion.

Kuroiwa first cites recent remarks by Ryutaro Hashimoto, international trade and industry minister, saying it is questionable to regard Japan's wartime acts as a war of aggression. Kuroiwa then asks the participants what they think about Hashimoto's remarks and Asian nations' adverse reactions. Ishihara says sticking to the past is meaningless and it is necessary to emphasize the future; Okazaki agrees with Ishihara. They criticize the Japanese mass media for providing ammunition for the issue.

Asked what he thinks of the idea of forming the East Asia Economic Caucus (EAEC), Ishihara says "Asian nations have many things in common, such as culture and religion," adding "East Asia's economic power has improved owing to such commonness." He then stresses: "It is necessary to establish an area in Asia for settling accounts on a yen basis because I think the dollar may lose its value in the future." Asked if Japan should join the EAEC as an Asian representative, Ishihara says: "Not as a representative but as an influential member." Kuroiwa asks if Japan should take part in the EAEC even if the United States is opposed. Ishihara says: "The reason Japan has shifted its economic importance to East Asia is that the United States has driven out Japan by maintaining a unilateral position. And Japan, having no place to go, returned to Asia."

At 2305 GMT, ATLANTIC MONTHLY Chief Editor James Fallow (as heard) joins the program via satellite hookup. He discusses differences between the Asia-Pacific Economic Cooperation (APEC) forum and the EAEC, saying the EAEC will exclude the United States

from the East Asia. Ishihara responds: "Why does the EAEC's formation lead to U.S. exclusion from East Asia? How about the North American Free Trade Agreement (NAFTA)? It is impossible for Japan and Singapore to join NAFTA." On the same issue, Okazaki says there was antagonism toward the United States in giving impetus to moves toward forming the EAEC, noting: "It is necessary to take a cautious approach in dealing with this matter." Participants discuss their own views on the values of Anglo-Saxon beliefs or rules imposed on other countries. After lengthy discussions about U.S. actions based on Anglo-Saxon beliefs, Kuroiwa concludes the discussion at 2345 GMT.

Kono on Prime Minister Mahathir's EAEC Proposal

OW0311014294 Tokyo MAINICHI SHIMBUN in Japanese 2 Nov 94 Morning Edition p 3

[FBIS Translated Text] At an 1 November session of the Foreign Affairs Committee of the House of Councillors, Yohei Kono, deputy prime minister and foreign minister, briefly discussed the concept of the East Asian Economic Caucus (EAEC), the creation of which Malaysian Prime Minister Mahathir has proposed, saying: "The United States and other nations are expressing concerns over the EAEC proposal on grounds that they do not know which nations would be included in the group and cannot fully understand the objectives of such an organization. Some nations are raising doubts about the justification of creating such a regional organization at a time when the Asia-Pacific Economic Cooperation (APEC) forum aims to develop the regional economy in an open and diversified way. I wonder if it is proper to create the EAEC in addition to the APEC." Kono made the statement during the session in answer to a question posed by Eiichi Yamashita from the opposition party Komeito [Clean Government Party].

Corporate Group Considers Overseas Production

OW0311025694 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Nov 94 Morning Edition p 5

[FBIS Translated Text] The Japan Association of Corporate Executives [Keizai Doyukai] in a report finalized on 1 November called for distinguishing between the roles to be played by companies at home and abroad in order to internationalize the Japanese market, and proposed thinking positively about transferring production bases overseas. The association states such an action would help Japanese companies internationalize, and would expedite the transfer of technologies to overseas production bases, which would be appreciated by these countries.

Industrial circles in general have so far expressed concern about the industrial "hollowing out," but this report proposes viewing the "hollowing out" in a positive manner.

The report entitled "The Globalization of the Japanese Market Toward the Further Development of the Asian and Pacific Region" notes the need for "international relocation of industries," including the transfer of production bases overseas. It also calls for the promotion of direct dialogue with other nations at the private-sector level. In the domestic market, it says "High value-added technology businesses should be nurtured."

Nissan Plans To Promote Overseas Procurement

OW0311025794 Tokyo ASAHI SHIMBUN in Japanese 1 Nov 94 Morning Edition p 10

[FBIS Translated Text] On 31 October, Nissan Motor Co., Ltd.—which has in the past bought materials mainly from domestic companies—disclosed plans to purchase materials from the ROK, PRC, and several Southeast Asian nations in an effort to cut production costs. It has suffered a gross operating loss after deducting production costs and marketing expenses from sales for the second consecutive year. In considering the fact that it has lagged behind other companies in recovering sales, Nissan intends to take powerful measures to make a profit.

In addition to studying a plan to purchase cold rolled steel plates for doors from the South Korean Pohang Steel Corporation, Nissan has also begun studying a plan to buy rolled steel plates for car floors. At the same time, Nissan intends to cooperate with a Japanese parts-maker in buying plastic parts for interior use from ROK companies. To this end, they are now conducting the qualification test on samples.

As for molded and rubber parts, it intends to promote procurement from the ROK, Thailand, Malaysia, and European countries in a bid to reduce production costs by several hundred million yen per factory.

Nissan, which suffered deficits in account settlements last March for the second consecutive year, has given a top priority to strengthening its sales competitiveness in the domestic market in a bid to make a profit in accounting settlement in March 1996. In that case, however, profits would fall due to a growth in marketing expenses. Nissan believes a drastic reduction in costs is essential to achieve its goal.

DA Chief Reiterates Need To Participate in PKO

OW0211141094 Tokyo MAINICHI SHIMBUN in Japanese 2 Nov 94 Morning Edition p 2

[FBIS Translated Text] Tokuichiro Tamazawa, director general of the Defense Agency [DA], in a message commemorating both the 40th anniversary of the founding of the Self-Defense Forces [SDF] and the SDF Day on 1 November, pointed out that, "In the post-Cold War period, it is important to continue to uphold the Japan-U.S. security setup, and work for building up a moderate but efficient defense capability." He again

emphasized the need to actively participate in UN peacekeeping operations (PKO).

On the other hand, Tamazawa also expressed a desire to review the defense force, saying: "In order to deal with the changing international situation and the growing constraint in manpower resources in the future while continuing to build a relationship of trust with our neighboring countries, I would like to take positive steps to review the defense capability."

LDP Members Cautious About Mission to DPRK

OW0211135494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Nov 94 Morning Edition p 2

[FBIS Translated Text] On 1 November, Liberal Democratic Party [LDP] members questioned the ruling coalition parties' plan to send a mission to the DPRK (North Korea).

At the 1 November LDP General Council meeting, Representatives Kiyoshi Mizuno and Katsuji Sekiya noted the coalition should watch development of the North Korean situation more carefully, saying: "It would be better if the mission was dispatched after Secretary Kim Chong-il's formal inauguration as North Korean president." Regarding the 1990 LDP, Social Democratic Party of Japan [SDPJ], and Workers Party of Korea [WPK] accord on Japan's "compensation for North Korea's 45-years of suffering after the war," members said "the agreement was not approved by the parties' formal decision-making mechanism." Another member even said: "The SDPJ has friendly relations with the WPK, but we do not."

In the afternoon meeting of coalition floor leaders, Councillor Masakuni Murakami said: "It is still too early for the coalition to plan a full-scale delegation to North Korea because Kim Chong-il's power succession is still somewhat uncertain." Other LDP attendees said: "It appears Japan's burden for light water reactor aid is becoming too large" and "dispatch of the mission should be reconsidered from political viewpoints."

Sakhalin Oil Project Expected in Early 1995

OW0111121494 Tokyo KYODO in English 0834 GMT 1 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 1 KYODO—U.S. oil giant Exxon Corp., a Japanese group and a Russian firm will likely reach final agreement by early next year on joint development of oil and natural gas deposits off Sakhalin island, a Japanese expert said Tuesday [1 November].

With an agreement for other fields off the island in the Russian Far East already sealed, the two projects' export capacity of natural gas alone will equal 15 percent of Japan's demand when they are up and running, said Nobuo Arai, senior researcher at the Hokkaido Research Institute for Regional Studies.

"From the beginning of the 21st century, energy from the north should reach Japan's ports," he told KYODO News Service.

Exxon, the Japanese Government, the private sector firm of Sakhalin Development Oil Cooperation Co. (Sodeco) and Smog, a Russian oil and gas development concern, "have reached the stage of concluding a final agreement within this year or by early next year," Arai said.

Capping 26 years since Soviet-Japanese natural resource development began, the three have conducted feasibility studies for developing the Odoptu, Chayvo and Arktun-Daginskoye fields in the Sea of Okhotsk off Sakhalin's northeast coast, he said.

In addition, Arai said, another consortium signed a contract in June to develop the nearby Lunscoe and Piltun-Astokhskoye fields.

That accord was signed by the Russian Government, trading giant Mitsubishi Corp. and the Royal Dutch/Shell Group, plus an earlier grouping of Mitsui and Co. of Japan and Marathon Oil Co. and McDermott International Inc. of the U.S.

EPA Seeks To Improve Productivity by Deregulation

OW0211094494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 1 Nov 94 Morning Edition p 5

[FBIS Translated Text] An Economic Planning Agency [EPA] report on the effect of deregulation predicts: In such industrial areas as electric power, communications, and agriculture, where Japan's productivity falls behind that of the United States, if the gap in their productivity is narrowed 20 percent over the next five years, Japan's gross domestic product (GDP) will grow 1.6 percent a year. The report was finalized 31 October.

The EPA admits that industries bound by regulations are low in productivity, and that the commodities or services from these industries are now priced relatively high, becoming factors detrimental to economic growth. Noting that many regulations on nonmanufacturing industries have become impediments to their reform, the EPA says productivity should be improved by implementing deregulation.

The report was prepared by the "Rakuichi-Rakuza Study Group" (headed by Takeshi Ishikawa, chairman of Mitsui Marine Fire Insurance Co.), set up under the EPA Planning Bureau. The name Rakuichi-Rakuza comes from a policy adopted in the 16th century to abolish regulations hindering access to markets, thus assuring business opportunities for all merchants.

The report stresses: "The task before us is to invigorate new projects by deregulation." Citing telecommunications as a fast growing industry in the future, the report predicts: If the rate of telecommunications services in Japan rises to 2.7 percent (from 1.4 percent now) of the

GDP, the U.S. level of "6 trillion yen of added values will be generated." With multimedia network services expected to grow rapidly, the EPA also suggests revising communications-related utility charges to enable a mass of information to flow at low costs.

It also notes that while Japan's manufacturing industries in such areas as home video tape recorders, televisions, and electronic notebooks lead the world in introducing new commodities, such nonmanufacturing and regulations-burdened industries as financial services want "only to learn from services developed in the United States and Europe." Thus the agency admits the existence of a gap in pioneering capabilities in this area, and charges that regulations are nipping new projects in the bud.

Labor productivity is measured by production amount per hour. The report looks into differences of productivity in Japan and the United States, and estimates how the GDP will change if the gap is narrowed 20 percent in the next five years. According to that estimate, domestic consumption will grow 1.7 percent and imports will grow 1.6 percent (both in real terms) each year if that happens. The report also predicts there will be job changes for 670,000 workers, including those who will move into newly created jobs and those who will be leaving old jobs.

Retailers Group Seeking Further Deregulation

*OW0311073794 Tokyo KYODO in English 0710 GMT
3 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 3 KYODO—Japan's two major retailers' associations are urging the government to promote deregulation efforts. In a report, the Japan Department Stores Association asks the government to ease regulations on elevated walkways that connect two buildings and to review the electricity bill system. The Japan Chain Stores Association also called for further deregulation on the licensing systems for liquor and rice retailers, as well as recycling of goods.

Due to a notice from the Construction Ministry, the Fire Defense Agency and the National Police Agency, retailers are now prohibited from installing more than two elevated walkways per building. But the Japan Department Stores Association is disputing the notification, saying that it will be better for refuge in case of accidents to install more such passages.

Moreover, the association said that electricity bill for retailers is higher than that for industrial use. Retailers contribute to electricity supply-demand balance by doing business on Sundays and holidays, when demand for electricity is low, it said. The Japan Chain Stores Association asked for review of a law on recycling of unnecessary goods. Because the current law requires the entry of a traders' names, addresses and occupations on a form, it is unsuitable for the recycling business today, the association said.

YOMIURI SHIMBUN Proposes Revised Constitution

*OW0311003894 Tokyo KYODO in English 2304 GMT
2 Nov 94*

[FBIS Transcribed Text] Tokyo, Nov. 3 KYODO—Japan ought to revise its Constitution in order to reconfirm the right of self-defense and recognize the status of the Self-Defense Forces (SDF) while keeping intact the ideal of the renunciation of war, a major daily urged Thursday [3 November].

In "A Proposal for the Revision of the Text of the Constitution of Japan" unveiled on the day when the present Constitution was promulgated 48 years ago, the YOMIURI SHIMBUN called for a wide range of amendments to the basic law "to broaden and deepen the nation-wide debate on the Constitution."

The proposal is an unprecedented move in the Japanese mass media that has advocated "political neutrality" and traditionally refrained from taking sides on controversial topics.

The top-selling Japanese paper said in its Article 11 of the proposed draft, "Japan shall form an organization for self-defense to secure its peace and independence and to maintain its safety," a phrase that would recognize the status of the SDF.

The constitutionality of the SDF has long triggered national debate on the ground that the present U.S.-drafted Constitution stipulates in Article 9 that "land, sea, and air forces, as well as other war potential, will never be maintained."

The proposed text maintains almost the wording of the original Article 9, which declares the renunciation of war and aggression, in part because this is a clear-cut expression of the Japanese people's resolve to aspire for peace.

The proposed new constitution says in Article 10, "Aspiring sincerely to an international peace based on justice and order, the Japanese people shall never recognize war as a sovereign right of the nation and the threat or use of force as means of settling international disputes."

The proposed Article 10 has a new provision calling for a ban on inhuman and indiscriminate weapons of mass destruction and for prohibition of conscription.

The draft of the revised constitution has a new chapter on international cooperation, another key proposal that would commit Japan to providing SDF personnel to support U.N. peacekeeping efforts.

While expressing Japan's desire for international peace and prosperity in its Article 12, the proposal says in Article 13, "Japan shall lend active cooperation to the activities of the relevant well-established and internationally recognized organizations."

It also says, "In case of need, it may dispatch public officials and provide a part of its self-defense organization for the maintenance and promotion of peace and for humanitarian support activities."

Concerning the people's sovereign power, the YOMIURI created a new chapter and placed it in Chapter I "In order to make it quite clear that sovereign power resides with the people."

The amendment proposal opens the text with a chapter saying, "Sovereign power in Japan resides with the Japanese people," followed by another making clear the status of the emperor as the symbol and unity of the nation.

The current Constitution refers in Article 1 to the position of the emperor, saying, "The Emperor shall be the symbol of the State and of the unity of the people, deriving his position from the will of the people with whom resides sovereign power."

The proposed text also calls for the need to widen the role of the prime minister and the establishment of a Constitutional Court to improve the judicial system.

Excerpts of Proposed Constitution

OW0311003994 Tokyo KYODO in English 2308 GMT
2 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 3 KYODO—The following are highlights of a new constitution drafted by a research panel of the YOMIURI SHIMBUN and carried in the daily's Thursday [3 November] editions:

Preamble

We, the Japanese people, hold sovereign power in Japan and, ultimately, our will shall dictate all state decisions. Government is entrusted to our duly elected representatives, who exercise their power with the trust of the people.

We, the Japanese people, desire peace for all time, respect the spirit of international cooperation and pledge to use our best efforts to ensure the peace, prosperity and security of the international community.

We, the Japanese people, aspire to a free and vigorous society, where basic human rights are duly respected, and simultaneously strive for the advancement of the people's welfare.

We, the Japanese people, acknowledge the inheritance of our long history and tradition and the need to preserve our fair landscape and cultural legacy while promoting culture, arts and sciences.

This constitution is the supreme law of Japan and is to be observed by the Japanese people.

Chapter I Sovereign Power of the People (newly chaptered)

Article 1 (the people's sovereign power)

Sovereign power in Japan resides with the Japanese people.

Article 2 (exercise of sovereign power)

The people shall exercise their sovereign power through their duly elected representatives in the Diet, and at national referenda held to consider amendments to the constitution.

Chapter II The Emperor (currently Chapter I)

Article 4 (the position of the emperor)

The emperor shall be the symbol of the state and of the unity of the people of Japan. The emperor's position shall be based on the sovereign will of the people.

Chapter III National Security (currently Chapter II renunciation of war)

Article 10 (rejection of war and ban on weapons of mass destruction)

1) Aspiring sincerely to an international peace based on justice and order, the Japanese people shall never recognize war as a sovereign right of the nation and the threat or use of force as means of settling international disputes.

2) Seeking to eliminate from the world inhuman and indiscriminate weapons of mass destruction, Japan shall not manufacture, possess or use such weapons.

Article 11 (organization for self-defense, civilian control and denial of forced conscription)

1) Japan shall form an organization for self-defense to secure its peace and independence and to maintain its safety.

2) The prime minister shall exercise supreme command authority over the organization for self-defense.

3) The people shall not be forced to participate in organizations for self-defense.

Chapter IV International Cooperation (new chapter)

Article 12 (the ideal)

Japan shall aspire to the elimination from earth of human calamities caused by military conflicts, natural disasters, environmental destruction, economic deprivation in particular areas and regional disorder.

Article 13 (participation in international activities)

In order to accomplish the aim of the preceding article, Japan shall lend active cooperation to the activities of the relevant well-established and internationally recognized organizations. In case of need, it may dispatch public officials and provide a part of its self-defense organization for the maintenance and promotion of peace and for humanitarian support activities.

Article 14 (observance of international laws)

Japan shall faithfully observe those treaties it has concluded and those international laws well established and recognized by the international community.

Chapter V Rights and Duties of the People (currently Chapter III)**Article 19 (right of privacy)**

1) Every person is guaranteed the right not to have his name, reputation, honor, trustworthiness, or other aspects of his character unduly impugned.

2) Every person shall have the right to keep his private affairs, family and household safe from unreasonable interference.

3) The secrecy of communications shall be inviolable.

Article 28 (rights relating to the environment)

1) Every person possesses the right to enjoy a favorable environment and is obliged to preserve the same.

2) The state shall endeavor to maintain the environment in a favorable condition.

Chapter VI The Diet (currently Chapter IV)**Article 68 (precedence of the House of Councillors in treaty approval)**

1) Treaties must first be submitted to the House of Councillors.

2) Upon consideration of treaties, when the House of Representatives makes a decision different from that of the House of Councillors, and when no agreement can be reached even through a joint committee of both houses, as provided by law, or in the case of failure by the House of Representatives to take final action within thirty (30) days, periods in recess excluded, after the receipt of the treaties passed by the House of Councillors, the decision of the House of Councillors shall be the decision of the Diet.

Article 69 (precedence of the House of Councillors in personnel matters)

1) Appointments to important public posts provided for by law shall require the approval of the Diet.

Article 72 (judge impeachment court and judge indictment committee)

1) The House of Councillors shall set up a judge impeachment court from among its members for the purpose of trying those judges against whom removal proceedings have been instituted by the following paragraph.

2) The House of Representatives shall set up a judge indictment committee from among its members for the purpose of indicting those judges described in the preceding paragraph.

3) Matters relating to judge indictment and judge impeachment shall be provided for by law.

Chapter VII The Cabinet (currently Chapter V)**Article 75 (designation of the prime minister and the House of Representatives' precedence)**

The prime minister shall be designated from among the members of the House of Representatives by a resolution thereof. This designation shall precede all other business.

Article 81 (the prime minister's power of command and control)

The prime minister shall exercise general control and supervision over the various departments of the executive branch.

Article 82 (the prime minister pro tempore)

(1) When the prime minister is incapacitated or where there arises a vacancy in his post, a minister of state designated as prime minister pro tempore shall discharge the premier's duties.

(2) In order to anticipate the contingencies described in the preceding paragraph, the prime minister shall designate in advance a minister of state as his pro tempore.

Chapter VIII The Judiciary**Article 86 (the Constitutional Court's power to determine the constitutionality of legislation)**

The Constitutional Court shall be the sole arbiter of the constitutionality of any treaty, law, order, rule or other official act.

Article 87 (jurisdiction of the Constitutional Court)

The Constitutional Court shall perform the following functions:

1. Judge the constitutionality or lack thereof under the law of matters related to any treaty, law, order, rule or other official act upon demand by the cabinet or a one-third or more majority of the members of the House of Representatives or of the House of Councillors,

2. Judge the constitutionality under the law of matters related to specific trials upon request by the Supreme Court or an inferior court,

3. Determine, as provided for by law, appeals founded on points of constitutional law raised by appellants against Supreme Court decisions in specific trials.

Article 88 (validity of the judicial decisions by the Constitutional Court)

Where the Constitutional Court pronounces unconstitutional any treaty, law, order, rule or other official act, such a decision, except as provided for by law, shall thenceforth be binding upon all the organs of the state.

Article 89 (term of office, retirement age and compensation of Constitutional Court justices)

(1) The Constitutional Court shall consist of a chief justice and eight other associate justices. The justices excepting the chief justice shall be designated by the House of Councillors and appointed by the cabinet.

(2) The term of office of Constitutional Court justices shall be eight years, with no provision for reappointment.

(3) Constitutional Court justices shall be retired upon the attainment of the age fixed by law.

(4) Constitutional Court justices shall receive adequate compensation, at regular stated intervals, such compensation shall not be decreased during their terms of office.

Article 90 (the Supreme Court as a court of last non-constitutional resort)

The Supreme Court shall be the court of last resort in matters outwith the jurisdiction of the Constitutional Court.

Chapter XI Amendments (currently Chapter IX)

Article 108 (amendment procedure, promulgation of amendments)

(1) Amendments to this constitution shall require to be approved by the concurrence of the majority of valid votes cast by the members of each house present and voting, and shall be submitted to the people for ratification. Such amendments shall be considered at a meeting of the Diet at which two-thirds or more of all current registered members are in attendance.

Proposal Criticized

OW0311131894 Tokyo KYODO in English 1300 GMT 3 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 3 KYODO—Participants at a symposium Thursday [3 November] on the role of the media and politics in Japan criticized a YOMIURI SHIMBUN proposal for revising the constitution. The symposium, held at a central Tokyo hall and sponsored by the Japan congress of journalists, attracted some 400 journalists, academics and others.

Hiroshima University Assistant Professor Asaho Mizushima said the YOMIURI proposal would not merely remove any doubts about the constitutionality of the Self-Defense Forces (SDF). "In content it opens the way for a broad area of military participation other than peacekeeping operations," Mizushima said. "What's more, it also incorporates a future change in the name of the SDF to the Japanese armed forces." Mizushima said "the essence" of article 9 of the current constitution is its emphasis on pacifism and a renunciation of arms.

The YOMIURI carried its proposed draft of the new constitution prepared by its own research panel in the

daily's Thursday editions. The draft states that the Japanese people "shall never recognize war as a sovereign right of the nation nor the threat or use of force as a means of settling international disputes."

It also said that Japan shall not manufacture, possess or use such weapons of mass destruction, but that "Japan shall form an organization for self-defense to secure its peace and independence and to maintain its safety." But the draft also states that Japan "may dispatch public officials and provide a part of its self-defense organization for the maintenance and promotion of peace and for humanitarian support activities."

Kiyoshi Kuroda, a former YOMIURI SHIMBUN reporter who now works as a freelance writer, said the YOMIURI proposal left him "shocked." "I don't object to an organ of the media debating a plan for the revision by a political party or a citizens' group, but actually coming up with its own plan is against the rules, and is journalistic arrogance," Kuroda said.

Rikkyo University Professor Michitoshi Takabatake, commenting on the present state of Japanese politics, said Japanese politics is approaching one of its biggest turning points in the 50 years since the war. He said the main aim of the new single-seat electoral system is not the creation of a biparty system, but the elimination of the Social Democratic Party, one of the ruling tripartite coalition. "In the end, the opposition will disappear and the unified front of democracy and safeguarding the constitution will be extinguished."

Article 96 of the constitution states that amendments can be initiated by a vote of two-thirds of each house in the bicameral Diet and must then be accepted by a majority affirmative vote by the nation.

Prospect of Ozawa Regaining Power Assessed

942A0700A Tokyo SENTAKU in Japanese Sep 94 pp 58-61

[Unattributed article: "Can Ichiro Ozawa Come Back to Power?"]

[FBIS Translated Text] Politics without Ichiro Ozawa is boring. With Ichiro Ozawa around, politics is interesting because things become tinged with his influence. People attempt to curry favor with others to obtain positions and money, enabling one to get a clear look at the various ungodly acts of the people living in Nagata-cho [political quarters in Tokyo]. In the just under two years from the general resignation of the Kaifu administration to the birth of the Murayama administration, politics winning popularity as impromptu high drama was only possible because such an uncommon villainous star like Ichiro Ozawa was around.

Just try to imagine the political situation during these past two years without the presence of Ichiro Ozawa. Naturally, there would have been greatly different developments, but most of all it would hardly have made for

profitable theater with the likes of Kiichi Miyazawa, Morihiro Hosokawa, Tsutomu Hata, and, finally, Toshiki Kaifu, who are like a cast of faceless, hypocritical clumps.

However, there is something strange about Ozawa.

Not only are there those who say Ozawa politics has ended, there are some who, in a hushed voice, say that he is "brain dead." Has Ozawa met his end? Showered from top to bottom in indiscriminate attacks by the siege surrounding him, is it really possible that Ozawa, who was supposed to be indestructible, will disappear from Japanese politics?

Everything He Does Goes Against Him

"The SDPJ was restored by the coalition, and even though the groundwork had been laid for Hata to return to power, the chance was lost before our very eyes due to an error in Ozawa's judgement. I cannot think that being stubborn enough at the eleventh hour to throw in something the SDPJ couldn't possibly swallow was the rational thing to do. The media is mostly to blame. Because the media wilfully made Ozawa out to be such a big deal, the man himself ended up under illusions."

That is what one Shinseito executive had to say with apparent disgust even nearly two months after the fact. In a meeting of top executives of Shinseito which Ozawa did not attend, he was taken to task with language bordering on abuse. The only person to protect Ozawa was Keisuke Nakanishi, who said "we must stick with Mr. Ozawa in the future as well." Whenever criticism of Ozawa is voiced, the details of who said what is unfailingly relayed to Ozawa. As is well known, everyone was giving vent to their feelings.

Since the formation of Shinseito, this kind of thing has never happened before. Freedom of speech did not exist. If one criticized Ozawa even in the slightest way, Ozawa would be notified and one would always receive a reprisal. Fearing this, everyone kept his mouth shut.

The reason that criticism of Ozawa has begun to issue forth all at once is not because the Shinseito became democratic and freedom of speech has returned. It is because everyone could no longer keep it in; it is also a manifestation of a sudden decline in Ozawa's influence.

According to another Shinseito executive, "Ozawa represents the last conservative faction." That is to say Ozawa's method comes right from the Tanaka and Takeshita faction management. Even if one suggested that a regional organization is also necessary because it is a political party or that a policy staff must be assembled, etc., everything is turned down. Even decisionmaking is never done after other executives are consulted.

Only Ozawa and an exceedingly small number of intimates hold all the secrets, and more often than not, even the head of the party, Tsutomu Hata, is not informed. Although they talk of reform, their methods are straight

out of the faction days; in reality, Ozawa considers Shinseito to be nothing other than his own faction. That is what is meant by being the last of the conservative factions.

The source of Ozawa's political influence is a thoroughgoing principle of secrecy. Secrecy from an ally's standpoint gives the impression of a tight-lipped politician. From the standpoint of the opposing camp, it gives the appearance of a fearsome politician because one does not know his next move. Their secretiveness with respect to the media is even more exhaustive. The journalists covering Ozawa are unable to know where Ozawa is at any given time, and their days are filled with suspicions that conjure up monsters.

When Ozawa visited the United States to give a speech at the Washington National Press Club, 12 journalists accompanied him. When he was to return to Japan, the journalists boarded the All Nippon Airlines jet at Washington's Dulles Airport that Ozawa was supposed to be on. Although Ozawa's name was on the passenger register, it was not Ozawa but Shinseito Dietmember Toshihiro Nikai who boarded the plane.

Meanwhile, Ozawa had boarded a British Airways Concord via New York heading for London. The journalists accompanying Ozawa deserve pity. When they returned home without any earthly idea where Ozawa was, they were thrown into a major confusion by reports that "Ozawa had appeared in London."

This was the fourth time that Ozawa had visited London since September 1993, each time with his wife Kazuko, and all were secret trips. For this reason, there were rumors that he must be there for treatment of his heart disease at the Royal Brompton National Heart and Lung Hospital, but the truth is not clear.

It is a well-known fact that Ozawa is afflicted with heart disease. That being the case, it is uncertain why he is trying to keep it secret. Assuming he is traveling for the purpose of treatment and does not want that fact to be discovered, it defies understanding as to why he would invite journalists to accompany him. We are told that Toshio Yamaguchi, unaffiliated Dietmember who admits being close to Ozawa, used his influence so that journalists from all the media companies would be in accompaniment.

Ozawa bragged in Washington that the Murayama administration will be short-lived and that the old coalition party in power would form a new, new party in mid-September, heralding the birth of a massive political party that would exceed the LDP. Despite his speech at the national press club, it was not reported at all in the United States.

In Japan there was a report about an article by an accompanying journalist, and it was harshly critical that although he is a member of an opposing party, his assertion overseas that an administration would be

short-lived is would likely be violation of international manners. It is not just the ruling party side that is viewing this recent visit to the United States by Ozawa as "considerably hasty." Even inside Shinseito, there was backlash of "how can he say that a new, new party will be started in mid-September without first consulting anyone?"

"Secretiveness" Works to His Disadvantage

In the end, even Ozawa himself revised his story after returning home, saying, "it doesn't have to happen in mid-September," but everything he does seems to have turned to his disadvantage. According to a Shinseito executive, "I was against the U.S. trip. I insisted that a public visit as one who is submitting his letter of resignation as Shinseito secretary general would not be rational, but he would not listen."

Ozawa submitted a written resignation, saying he would take responsibility for supporting Kaifu, who was defeated. However, instead of presenting the letter to Hata, the party leader, it was delivered to Kozo Watanabe, acting secretary general. If it had been delivered to Hata, the party leader, he probably would have accepted it. It is widely believed he gave it to the lower-ranked Watanabe to prevent that from happening.

The Ozawa side sounded out having the written resignation returned, but Watanabe is said to have refused this. It is being rumored inside Shinseito that if Ozawa were to behave in a dictatorial manner in the future, the situation could possibly arise in which the letter of resignation would be issued, effectively dismissing the secretary general.

Among the myths that have been woven around Ozawa, the thing that is most believed is that "he always stays the course; he is consistent from start to finish." However, if one documents Ozawa's responses amid the political situation, it becomes painfully apparent that this is a fabrication. Even his backing of Kaifu was nothing resembling a decision made after having carefully devised a strategy.

Rather, Ozawa was in a passive position in his support of Kaifu. The ones who persuaded Kaifu were: Takeshi Noda and Yuji Tsushima, who would later end up leaving the LDP; Sadao Hirano, who is close to Ozawa; and a certain correspondent with the MAINICHI SHIMBUN.

Kaifu insisted that he would like to enter the election for premiership nomination while still affiliated with the LDP, but Ozawa rejected this and made separation from LDP a condition. If he participated in the election while still affiliated with the LDP, there would be an even greater increase in sympathizers from the LDP, and even if he were to meet with defeat, it might have become an occasion for major fragmentation of the LDP.

Even for Ozawa, it was on the day in question that he received the final report that Kaifu had decided. Ozawa

had been considering up to then Michio Watanabe, Ryutaro Hashimoto, and Taro Nakayama. Any of those would have been premised on a "ho-ho rengo" [conservative merger.]

Shigezo Hayasaka, who is close to Ozawa, said in the September issue of VOICE magazine that "Ozawa was considering Sadao Yamahana as premier to succeed Hata." In other words, the truth is that at no time was a clear-cut strategy in hand. Anyone would have been okay. While some take the view that among certain segments, there was a desire to block a return of Hata, but it appears that even Hata would have been acceptable depending on how things developed.

If there was a fatal flaw in the Ozawa strategy, it was the fact that it was based on the optimistic reading that an alliance between the LDP and SDPJ was absolutely impossible. From about April, centered on Sakigake's Masayoshi Takemura, there were fairly wide-ranging movements toward a LDP/SDPJ alliance. Of course, Ozawa's long-standing enemies Noboru Takeshita and Seiroku Kajiyama had been involved, but it is thought that he was not adequately cognizant of this information.

Because of this principle of secrecy, it is only natural that his circle of relationships would not expand. Those people who do approach Ozawa only bring him the good news. Therefore, he is unable to get complete information. Consequently, caught in a cycle of defeat reminiscent of the Japanese military in the Pacific war, his calculations are wrong.

"In the Old Days, It Would Have Been Exile or Seppuku"

A certain U.S. Congressional staffer who heard Ozawa speak said the following. "Because he had the reputation of being a strong leader with convictions—rare in Japan—we had high hopes, but I was utterly unable to see what was so special about him. He just sounded like a sore loser. Just saying that Japan's role in the international community is within the framework of the Constitution is not all that different from Prime Minister Murayama."

Unfortunately, the *raison d'être* of the Murayama administration is nothing more than "a total refutation of Ozawa." Even such ambiguous adjectives as "gentle politics" or "a liberal dovish administration" are only an antithesis of the existence of Ozawa. The reason the Murayama administration's message is not correctly conveyed overseas is that it is an administration that initially came into existence premised on the existence of Ozawa.

The positive achievement of Ichiro Ozawa is the fact that debate on "state views" was carried onto the political stage and, conversely, Ozawa's sin was that because of his poor political methods, that same debate ended up being withdrawn from the stage. The first person who

used the concept of "ordinary nation" was UN ambassador Wataru Owada, and because of Ozawa's assertion in his book *Blueprint for Building a New Japan* where he made it sound like the idea was originally his, only dangerous portions ended up being stressed.

The scope of policy that Japan can take is not so extensive that politicians can wilfully be engaging in debate using such words as political axis of counteraction. No matter who becomes prime minister and no matter what political party comes to power, there will inevitably be a difference as to which portions are emphasized, but intrinsically there is no difference. Consequently, the SDPJ's policy change is naturally a logical consequence as the party of the administration in power and does not merit surprise. On that point Ozawa has committed a fundamental error. The only thing he had in mind was cutting off the left wing of the SDPJ.

Embracing the entire SDPJ, and, moreover, by installing Tomiichi Murayama, who has his basis in the left wing, as prime minister, has for the first time made significant change possible since the party's formation. Ozawa has been thoroughly hard on the SDPJ, but the more he harassed it, the firmer the SDPJ has become until, far from splitting, it inclined in the direction of unity. Like Aesop's fable about the north wind and the sun, a softer approach by the LDP would have resulted in an all too easy removal of the mantle.

Says one Shinseito executive, "in the old days, it would have been exile or ritual suicide." The wounds of defeat are deeper than one might imagine. Most of all, Ozawa the politician is no longer being believed. It is not just Keiwa Okuda and Koichiro Aino. Even within Shinseito, it is said that about the only Dietmembers who will continue to follow Ozawa in the future are Keisuke Nakanishi and Sadao Hirano.

Even Hata, Watanabe, Hajime Funada, and the man who is said to be Ozawa insider of insiders, Hiroshi Kûmagai, have separated from Ozawa according to informed sources. Hata, who was removed from the seat of power in two months is probably secretly boiling with rage.

Hosokawa as well as Kaifu basically think the same way as Hata. However, this "prime minister triumvirate" that is like a gang of squirts possesses neither leadership nor the ability to collect funds. At least 10 billion yen will be necessary for the formation of the new-new party.

Even So, Only Ozawa Can Be Central Player

Although grants are made to political parties from the national treasury due to a legal revision, the computation standard has set two-thirds of political funds of the previous (calendar) year as the upper limit. In other words, the system has been set up so that if no actual record is available by December 1994, it is not possible to get enough funding in the next year. Political funding of Shinseito is said to still be just under 400 million yen,

and at this rate, far from being able to retake power, they will be completely out of the picture.

The reason Ozawa set "mid-September" as the target for formation of the new-new party is the fact that if he doesn't set a date with about that timing, accumulation of political funding will become difficult. Whether it is because of that reason or not, the trio of squirts have put it off.

"If you think you can do it without me, just try it. I'm not going it alone because I like to. But who else can do the things I do?"

It is said that Ozawa vents his feelings in this way each time he gets boozed up. Although voices calling for Ozawa's repentance are rapidly increasing in intensity, it is also true that no progress will be made without Ozawa at the center.

Simultaneous to the inception of the Murayama administration, the bureaucratic structure once again shifted toward the LDP. A new triangular alliance of "politics, bureaucracy, and business" centered on Shinseito was about to begin, but before that could be completed, it collapsed and the LDP has begun its reconciliation with industry.

Will Ichiro Ozawa make a comeback or will he just fade away from the stage like his guru Shin Kanemaru? Over his 25 years of life as a politician, Ozawa for the first time is experiencing being in an opposition party. Put another way, to Ozawa, who has continued to mount the political stairway without a hitch, this might more accurately be called his greatest trial.

Politics without Ozawa is like a Western without a villain. Surely both those "pro-Ozawa" and "anti-Ozawa" desire his return.

LDP's Gotoda on Political Realignment

OW0311093694 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Oct 94 Morning Edition p 2

[FBIS Translated Text] Under the coalition government of Tomiichi Murayama, the Liberal Democratic Party [LDP] is groping for new principles and a *raison d'être*. NIHON KEIZAI SHIMBUN recently interviewed (Former Deputy Prime Minister and Justice Minister) Masaharu Gotoda, chairman of the LDP's Research Commission on Fundamental Policies, on the future of an LDP reform plan and prospects for political realignment.

LDP Needs To Clearly State Its *Raison d'Etre*

[NIHON KEIZAI SHIMBUN] Why does the LDP have to review its platform and political ideals now?

[Gotoda] Now that the post-1955 political order has collapsed, the political world will inevitably undergo great change to establish a new political system. It is time for the LDP to drastically reform itself and show the

people it has become a new party; this is important. It is also important for the party to clearly state what it can do for the nation and the people in the current turbulent changes that are taking place at home and abroad. The party also needs to explain its *raison d'être* (reason for being), which is different from the other parties'.

[NIHON KEIZAI SHIMBUN] There is the opinion that, it is not wise for the LDP to reach a hasty conclusion on reviewing the party platform in time for its convention in January.

[Gotoda] We may need extensive and in-depth discussions, but we are restricted by time. There is no guarantee that we can reach an agreement if we discuss the matter, say, for a year. We have to agree with the views of the majority.

[NIHON KEIZAI SHIMBUN] An LDP policy states that the party will work toward revising the existing constitution, to draft Japan's own constitution. Some people have claimed this policy should be reviewed.

[Gotoda] I had better not comment on this issue. Anyway, at the time we declared the LDP's formation and adopted the party platform in 1955, we were working to establish a liberalistic political system while watching the unification of the right and left wings of the Social Democratic Party of Japan [SDPJ]. Meanwhile, the review of various systems established under U.S. occupation was our main task at the time.

It can be said the expression "Japan's own constitution" comes from a constitutional argument based on reactionism. Nowadays young people say "the expression itself is strange." I think their opinion is sensible.

[NIHON KEIZAI SHIMBUN] The LDP Reform Headquarters has promoted the dissolution of party factions. Do you think LDP factions will be dissolved and their offices closed by the end of the year?

[Gotoda] Dissolving factions is a call from Heaven. The existing factions are the root of various vicious things the people criticize. Factions operated to gain posts and money should be dissolved. Otherwise, political scandals will occur.

People Need To Renew Their Political Awareness

[NIHON KEIZAI SHIMBUN] It has been four months since inauguration of the Murayama government. What is your assessment of it?

[Gotoda] Thanks to drastic compromises (between the LDP and SDPJ), it has gradually resolved such issues as the Japan-U.S. framework trade talks, electoral reform, and tax and pension system reforms. It was not easy for former governments to solve them. Domestic polls show a rise in its approval rating, and foreign anxiety over the government is diminishing. As such, its political foundation has stabilized compared to when it was inaugurated.

[NIHON KEIZAI SHIMBUN] You call yourself an adviser to Prime Minister Murayama.

[Gotoda] I do not have a special connection with him; he a telephones me from time to time. When Murayama decided to accept the offer of becoming prime minister, I told him: "The SDPJ has taken a stand against the Japan-U.S. security pact, Self-Defense Forces, and revision of the constitution. But things will not go smoothly (unless the SDPJ changes its stand and adopts realistic policies)." The party's policy shift was a very difficult task for the SDPJ leadership but it was a big step forward for Japanese politics.

[NIHON KEIZAI SHIMBUN] Will the first stage of political reform—which began after the Recruit stocks-for-favor scandal—be completed with enactment of the law to redraw the electoral map?

[Gotoda] It has been almost six years since the LDP set up its political reform committee in December 1988. It has taken us such a long time to come to this point. This, however, is inevitable because political reform affects the destiny of politicians and political parties. The important thing is to conduct the first election under a new electoral system, fair and square. Because the election is expected to be a severe survival contest, strict monitoring by the people will be needed. The public also needs to renew its political awareness.

[NIHON KEIZAI SHIMBUN] When do you think the government will dissolve the House of Representatives for a general election under a new electoral system?

[Gotoda] It is difficult to predict because there are currently signs of drastic changes in political circles. But common sense tells us that the house will be dissolved after next year's unified local elections and House of Councillors elections.

[NIHON KEIZAI SHIMBUN] In the future political realignment, will a two-party system be established? Or will it be a moderate multi-party system? What do you think?

[Gotoda] The era of ideological conflict has ended. Political parties will gradually change through debates on what policies should be adopted to pursue prosperity for the people. It is certain that they will eventually adopt similar policies and be merged into a smaller number of parties. However, at present I cannot predict how long it will take for them to be merged and whether they will be merged into two or more parties.

"Rule by Bureaucrats" Unchanged

[NIHON KEIZAI SHIMBUN] Has there been any change in the "rule-by-bureaucrats" structure since inauguration of the Murayama government?

[Gotoda] There has been no change. But, because it is now unpredictable when there will be a change of government, bureaucrats cannot back only one party as they did in the past. I think bureaucrats will go back to their

neutral role of faithfully carrying out laws and budgets adopted in the Diet. Bureaucrats are still a most powerful and excellent group. We should make the best use of their power for national administration, as the quality of politics is now being questioned.

Takeshita, Ozawa on UN, Tax Reform Issues

942A0725A Tokyo SHUKAN GENDAI in Japanese 17 Sep 94 pp 22-25

[Unattributed article: "Takeshita Versus Ozawa"]

[FBIS Translated Excerpt] *Strong man Mr. Ozawa has ducked out of sight amid continued criticism of his excessive arbitrariness in decision and execution. Pulling strings to achieve a restoration of power for the first time in one year, the vigor of Mr. Takeshita, a man who utilizes a waiting policy, has returned and is thronged with visitors. Since they parted company three years ago, the tables have turned, and the battle between these men reached the height of bitterness. The two political rivals have learned each other's tricks only too well. The question is which side will be judged the winner. [passage omitted]*

Called "Konchikusho" [Kanemaru-Takeshita-Ozawa alliance—also a homonym for a common Japanese curse, "damn you"], the break in the honeymoon relationship which had continued between Mr. Takeshita and Mr. Ozawa became decisive at the time of the commotion over the split of the old Keiseikai [Takeshita faction]. Amid confusion over multiple faction maneuverings, Mr. Ozawa caustically told Mr. Takeshita, "I don't want to see your face anymore." Since that time, Mr. Ozawa worked toward generating defections from the LDP to the birth of the Hosokawa coalition government and took over political leadership.

Looking to make a counterattack, Mr. Takeshita has used his associate, former LDP Secretary General Mr. Seiroku Kajiyama, and others to form a coalition government of the LDP, the SDPJ, and Sakigake in order to take back power.

After the formation of the Murayama administration, the "Takeshita pilgrimage," composed of bureaucrats such as executives of the Ministry of Finance [MOF], figures from the financial sector, etc., became active, and they are once again rejoicing over their good fortune. It is even being said that whether the Murayama administration will be short-lived or not will depend on entirely on what Mr. Takeshita decides. He is the "mastermind" of the current administration. [passage omitted]

Recently, Mr. Ozawa is telling his associates that "if I were LDP secretary general, I would opt for early dissolution. That is because it would be a cinch if done before the new new party is formed."

However, this is undoubtedly a statement that can only be made by one who can discern Mr. Takeshita's strategy.

According to the political department desk, "Ozawa is feeling a strong threat of any strategy of Takeshita's that would aim for early dissolution. If dissolution occurs before the new new party is formed, he thinks that their victory would be so overwhelming as to make single-handed governance by the LDP possible. Because they were once active together in the same faction, he understands Takeshita's method of prudence."

Takeshita's Tentacles Extend Even to Yuriko Koike

Regardless of whether an administration run solely by the LDP is feasible or not, the maneuvers of both are already fierce.

A leading Shinseito Dietmember prefaces his comments as follows: "Under the surface, Shinseito and the LDP are engaged in a furious bluffing war right now."

"Currently in Shinseito, Mr. Ozawa has taken up quarters in a room at the Akasaka Prince Hotel and, while providing instructions to his associates Keisuke Nakanishi and Hiroshi Kumagai, is gazing intently at a map of Japan that is redistricted 300 single-seat electoral districts. In the blank districts, while coaxing and humoring SDPJ candidates and LDP candidates whom he would like to place in the blank districts, he is carrying out coping maneuvers. As a result of the coalition with the SDPJ, even within the LDP, there are a lot of people for whom stress has reached a peak; therefore, there will be a fair number of dropouts."

According to this Dietmember, "On the LDP side as well, Mr. Takeshita, aided by Mr. Kajiyama and others, is at the center of an effort to bluff the opposition party in the same way."

"For instance, Mr. Takeshita is already pointing out the weaknesses of the electoral districts to 20 Japan New Party [JNP] members, more than 10 Shinseito members, and several members of the Democratic Socialist Party [DSP] and Komeito in an attempt to win them over. I heard that he is even making overtures to Yuriko Koike of JNP."

Further, DSP Secretary General Kansei Nakano once said "the people are allergic to Komeito," angering Komeito Secretary General Yuichi Ishikawa, but it is being said that "Takeshita and former Chairman Saburo Tsukamoto, who is on bad terms with Komeito, have made a deal, and Takeshita is having Nakano take actions via Tsukamoto that will put a damper on the new-new party," according to a DSP executive.

It is a characteristic that is just like Mr. Takeshita to manipulate his wide network of connections in each party.

Of course, Mr. Ozawa has not given up on dealing with the SDPJ. It is said that he told Secretary General Wataru Kubo "it's okay if you do not leave the party immediately to form a new party. I would just like you to round up at least 30 people."

When the election to nominate the prime minister was held, he was told by Hirotaka Akamatsu, former secretary general of the "Democrats" that "44 were sure things." Ozawa, believing this, has dug in and seems to have taken a more prudent strategy this time.

As luck would have it, a rightwing and middle of the road group of the SDPJ centered on former Chairman Sadao Yamahana called "Shin Minshu Rengo" [New Democratic Alliance] (with 41 participants) was formed on August 31 [1994]. The formation of this group is also sparking various conjectures. Because this group contains former Chairman Makoto Tanabe, who is an associate of Mr. Ozawa, it is haunted by the shadow of Mr. Ozawa. As if connected to this movement, it is said that when chairmen of the SDPJ and DSP support unions pressed to slowdown movements to form the new-new party, Mr. Ozawa replied, "I'll hold off until after September."

"The general election will be either in January or February of next year, and if we still have not gotten coordinated, we will be completely defeated. There is also the issue of subsidies to political parties. During 1994, two-thirds of political funding collected will be subsidized, but if opposition parties are not organized, it will be difficult to collect money. That's why unless the new-new party is formed by the beginning of October and each party is sent out to the proportional representation districts of 11 blocks and money is collected, it will be too late," according to a Shinseito executive.

It may seem amazing that reason for so much haste in the formation of the new-new party is money, but there is no doubt that if the opposition parties are disorganized and, on top of that, have to face an election without funds, there is no way they can win against the ruling coalition parties.

However, we are told that Mr. Takeshita also does not think the LDP can gain a majority on its own.

His associate Kajiyama frequently says that "we should create new municipal parties and new farming village parties for each block, and once the election is over, they should be consolidated."

However, this is also "a statement made based on the dictates of Takeshita. In other words, the idea is to create new parties in areas where it is not possible to win against Shinseito using the name of the LDP. This is just the kind of idea that an election expert would come up with," says a political desk reporter.

This power struggle will be dragged as it is into the autumn extraordinary session of the Diet. Such issues as "becoming a permanent member of the UN Security Council" and "tax system reform" which may influence the future of the nation, the lifestyle of the people, and not just the new-new party will, unfortunately, end up being embroiled in this grudge and be debated while tangled up in political dynamics and political strategy.

Of course, even the old coalition side is plagued by the weakness of not being able to pressure the Murayama administration too hard.

Says a certain old coalition executive, "In order for us to achieve political reform, the single-seat constituency districting law must be passed. If, while this law is still not passed, the Murayama administration were to be driven into a corner in terms of policy, it will infuse vitality into the many within the LDP who favor a medium-sized electoral district system and could precipitate dissolution and general elections. If that were to happen, political reform could be permanently disabled. That would nullify all our past efforts and the citizens would get angry at politicians because they are not getting things done."

If that were to happen, although the war of words in the Diet would not heat up by the end of October when the passage of districting law is expected, debate would become vigorous between the ruling and opposition parties just after the passage of the districting law.

Tactics of "Impatience" and "Waiting"

What kind of developments will the following issues undergo?

The New New Party

There is a good possibility that Ozawa, who said, "I'll wait until after September," will start with early formation of this party before gaining the approval of everyone involved and regardless of whether he has allies among the SDPJ-DSP liberals by October. Mr. Takeshita, who intends to obstruct that, is stepping up his attempts at undermining the solidarity of Shinseito Dietmembers who are not perfectly in tune with Mr. Ozawa as well as JNP, DSP, etc., who feel ill at ease about the new party. Although Mr. Ozawa's stock opinion that "we cannot counter the LDP unless we become a great force" is gaining momentum, if he again takes rough-and-ready method, it may instead generate defectors, and there is a good possibility of being tripped up by the Takeshita strategy. It will be great if formation can be achieved before next year at the earliest.

Permanent UN Security Council Membership

Ozawa has consistently appeared to step away from this, saying: "Becoming a permanent member of the security council now will just be an embarrassment." However, his true inclination is of wanting to participate in the form of full-fledged participation that includes the exercise of military force. He seems to be groping for a method and the proper time. However, it will be difficult to win approval of the people at this rate. There are assertions being made by people such as Mr. Shusei Tanaka of Sakigake that "we should say that we can't use military force" and by Mr. Junichiro Koizumi of the LDP that "if we are going to do it, let's do so after constitutional revision." These statements suggest that

debate has still not reached a mature state. Mr. Takeshita, while waiting for debate to mature, is watching the development of public opinion, and is searching for an opportunity to become a permanent member in the future. Meanwhile, he will likely utilize strategies that will heighten criticism toward the impatient Mr. Ozawa.

Tax System Reform

Mr. Ozawa, who joined up with MOF Vice Minister Jiro Saicho on the national welfare tax, has been focussing his energies on "handling through a combination of tax increases and cuts." After approval of the districting law, this will give a vigorous jolt to Murayama administration.

Even Mr. Takeshita, who is being petitioned by FOM executives, would accept an increase in the consumption tax. Up to now, Minister of Finance Masayoshi Takemura was critical of combined handling, but the fact he has even mentioned "acceptance"—albeit with conditions attached—was due to Mr. Takeshita's influence.

However, there is also the matter of national resistance against combined handling, so with respect to the time of the tax increase, instructions to "watch the trends of the economy" have been issued so that there will not be tax increases all in one stroke next fiscal year. This will steer Prime Minister Murayama and Finance Minister Takemura, who are opposed to tax increases, in the direction of not being able to refuse altogether. This also has the objective of isolating Mr. Ozawa, since, instead of the direct method of Mr. Ozawa, MOF bureaucrats will be charmed by the Takeshita method of accomplishing something even if it takes time.

Glimpses have been seen of this grudge confrontation and family battle between Mr. Takeshita and Mr. Ozawa that started with the breakup of the old Keiseikai. It has been evident at each juncture from the Hosokawa coalition government to the start of the Murayama coalition government. Mr. Takeshita, who currently holds the reins of power, is in a position of advantage, but viewed in the long term, it would not be unthinkable for the tables to turn again. Heading to the next stage this fall, sparks have again begun to fly in the ranks of the political world.

Political Donations Favored by Businesses

OW0311011794 Tokyo YOMIURI SHIMBUN in Japanese 30 Oct 94 Morning Edition p 1

[FBIS Translated Text] Nearly 50 percent of business associations (46.7 percent) and major companies (45.0 percent) believe that their political donations are necessary until individual voters provide stable sources of political funds, according to a YOMIURI SHIMBUN poll. On 29 October, YOMIURI SHIMBUN surveyed 15 business associations and 20 companies on their attitudes toward business circles' political donations, often criticized as a fertile source of corrupt politics. Over 30 percent of business associations hope that the Japan

Federation of Economic Organizations [Keidanren] will provide "political donation guidelines" to justify donations by private companies. Keidanren is currently preparing new guidelines at its Politics-Business Relations Committee (chaired by Kenji Kawakatsu) for donations of political funds by the business sector. The business circles' positive attitudes toward continued political donations are likely to affect the direction of Keidanren debates.

In the survey, no respondent answered "political donations from the business sector are inevitably linked to monetary interests and bring about corruption." Instead, they called for a "well-balanced combination of donations from the business sector, individual voters, and the public sector" (33.3 percent of business associations and 26.7 percent of companies). They also noted that "it is wrong to blame donations from the business sector" for the problems (13.3 percent of business associations and 33.3 percent of companies).

On the other hand, 53.3 percent said that they are still undecided over which party they should support this year because of the confusing political situation which has existed since last spring.

We asked the respondents about their attitudes toward monetary support for the new opposition party—a group to be organized by several opposition parties not including the Japan Communist Party. In response, four out of seven companies which have already made or are going to make donations to the Liberal Democratic Party [LDP] this year said that they "will consider donating to the new party when it is formally inaugurated." Now that government turnover is becoming a common event, the business sector is trying to keep in touch with both the ruling and opposition parties.

In September 1993, Keidanren announced its decision to end its intercession with private companies' donations for the LDP and other political parties, effective in January 1994. Commenting on this, 35.0 percent of companies and 25.6 percent of business associations supported the Keidanren decision, saying: "The decision to discontinue intercession is appropriate, and the Keidanren should stay away from political funding."

Murayama's Policy Advisory Group To Start Soon

OW0311073994 Tokyo KYODO in English 0642 GMT 3 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 3 KYODO—A private policy advisory group to Prime Minister Tomiichi Murayama is likely to be set up within this year, sources close to the premier said Thursday [3 November].

Murayama's first private group of advisors will be headed by former Economic Planning Agency Vice Minister Isamu Miyazaki, currently chairman of the Daiwa Institute of Research, the sources said. The new coalition

cabinet of Murayama, who also chairs the Social Democratic Party, was established in late June.

The premier and his aides have decided to form the private advisory group since the cabinet is often criticized as being dominated by bureaucrats, the sources said.

The private group will discuss policy affairs both domestic and foreign and what strategies the SDP should take under the new single-seat electoral system of the House of Representatives, they said.

Other members of the panel will include Jiro Yamaguchi, public administration professor of Hokkaido University, Susumu Takahashi and Takehiko Kamo, both political science professors of Tokyo University and Seiichiro Saito, professor of socioeconomics at St. Paul University, they said.

The panel will be named "Nijuichi-No-Kai" (Group 21) since its core members first met at the prime minister's official residence on Oct. 21. The title also reflects the group's orientation toward the 21st century, the sources said.

Compensation for Atomic-Bomb Victim Decided

OW0211115894 Tokyo KYODO in English 1126 GMT 2 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 2 KYODO—The three ruling coalition parties reached a compromise on Wednesday [2 November] on legislation for government compensation to victims of the atomic bombings of Hiroshima and Nagasaki in August 1945, coalition sources said.

A joint project team of the three parties met in the evening and officially endorsed a government-proposed concession plan which will be proposed to the current Diet session, they said.

Under the plan, the families of those killed in the 1945 atomic bombings, and not only survivors of the bombing, will receive 100,000 yen compensation, if the family members have pocketbooks certifying they are atomic bombing survivors.

A victim will receive government bonds worth 100,000 yen redeemable in two years. An estimated 230,000 to 280,000 people will receive a total of over 20 billion yen.

The bill will also include a proposal to build a facility to commemorate atomic bombing victims.

The Liberal Democratic Party (LDP), the largest component in the ruling coalition, previously opposed such legislation, saying it may set a precedent for other war victims, but party executives agreed to the compromise earlier in the day, the sources said.

The other two ruling parties—the Social Democratic Party (SDP) led by Prime Minister Tomiichi Murayama

and new party Sakigake [Harbinger]—have also decided to agree on the concession plan, they said.

Chief Cabinet Secretary Kozo Igarashi told reporters Wednesday that Korean residents in Japan who suffered in the atomic bombings will also receive the planned compensation if they have the certification.

Japan's a-bomb victims, known as "Hibakusha," many of whom are suffering from symptoms of radiation sickness and other aftereffects, have for decades been calling for a special law mandating financial assistance.

Relevant bills were twice adopted by the House of Councillors, in December 1989 and April 1992, but failed subsequently to pass the House of Representatives due to resistance from the LDP, which then dominated Japanese politics.

DA To Introduce New SDF 'Reserve' System

OW2910122794 Tokyo YOMIURI SHIMBUN in Japanese 28 Oct 94 Morning Edition p 1

[FBIS Translated Text] On 27 October, the Defense Agency [DA] firmed up its policy to introduce an "immediate response Self-Defense Force [SDF] personnel reserve" system [sokuo yobi jieikan], and to include about 15,000 reservists, who can become a fighting power at the frontline in case of an emergency, in the SDF. These measures are designed to deal with a decision to reduce the number of SDF personnel after reviewing the defense plan outline. Currently, SDF reservist duties are limited to logistics support because they lack adequate military training; therefore, they are not included in SDF units. However, the new system aims to maintain a certain level of actual defense power by improving reservist quality. The DA will start taking the necessary actions, including revision of relevant laws, while reviewing the defense plan outline. The review will get into its stride before compilation of the fiscal 1996 budget at the end of next year.

Currently, there are about 48,000 registered SDF reservists. They are former SDF members who have more than one year of SDF experience. They will be "summoned for national defense" in case of an emergency. In addition, they will respond to a "call for training" once or twice a year during peacetime.

It is stipulated that their training period is "20 days or less a year." However, the reality is that they only receive five days of training. Most of the SDF reservists are company employees who use their annual leave to participate in reserve activities. Therefore, it is difficult for them to take part in long periods of training.

Accordingly, SDF reservist duties when called up are limited to logistics support, such as guarding SDF stations after troops are dispatched. Therefore, it has been pointed out that they cannot become a "supplementary defense power."

The purpose of forming the new system is to secure reservists who can be used as an "immediate fighting power." There will be no change in the current method of recruiting reservists from former SDF personnel. However, the reservists will receive training for about two weeks a year. Among other things, the DA is also studying the possibility of reservists maintaining "front-line fighting" capability by allowing them to take part in SDF unit training; currently, the reservists receive only training designed for reservists.

The DA is studying a proposal to reshuffle SDF troops to deal with a plan designed to reduce the number of personnel. Regarding SDF reservists, the DA plans to set the overall number at about 50,000; of which about 15,000 will be "SDF reservists who can immediately respond to calls" and the remainder will be "ordinary reservists." The DA wants to clearly spell out that the reservists who respond to calls "immediately" will be required to become members of SDF units. At the same time, to secure capable people, the DA has firmed up a plan to revise relevant laws, including the SDF Law, so that it can recruit "ordinary people," who are not former SDF personnel.

Moreover, the DA will make some improvements, such as increasing the amount of reservist pay (current annual basic pay is 48,000 yen), to create an environment in which reservists can easily take part in training. At the same time, to get employer cooperation, the DA is also studying the possibility of introducing a governmental compensation system for employers.

In August this year, the Council for Defense Issues, a private advisory organization to the prime minister, prepared a report. The council report called for a reduction of SDF personnel by a little over 30,000. At the same time, the council advised the prime minister to introduce a new SDF reserve system to create a "highly trained reserve power."

Improvement in Atomic Energy Development Sought

OW2810143194 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Oct 94 Morning Edition p 17

[FBIS Translated Text] Japan's atomic energy development needs to be improved. A Japan Atomic Energy Society survey disclosed that over 90 percent of nuclear scientists have such a tough evaluation of their own research area. The survey was conducted on about 270 scientists in industrial circles, the academic world, and the government. It also revealed that most of them think there are problems in the government's atomic energy policy.

A study team led by Shunichi Shibata, head of the Kinki University Atomic Energy Research Institute, conducted the survey and analyzed the results.

Regarding the current atomic energy development situation, 21 percent of the researchers replied "it needs

drastic improvement," and 72 percent noted "a minor change is necessary." A total of 93 percent voiced their hope for reform.

When asked about what troubled spots should be improved, 45 percent said "administrative policy" and 30 percent said "research institutes," both numbers exceeding that of those who said the "quality of researchers."

Insufficient research funds and outworn equipment are the major problems at various universities. In addition to the lack of human resources and money, radioactive material regulations are another research obstacle. Such a situation has created problems and "studies dealing with nuclear fuel have been vanishing from universities," Shibata said.

Scientists now have difficulties pursuing their careers in leading research areas. As a result, criticism has erupted among them that universities are "not realistic" and "their only interest is how many theses we write."

Furthermore, scientists in national research institutes such as the Japan Atomic Energy Society, and electric companies stress a need for cooperation between the industrial circle, universities, and government. Those who work for makers tend to urge the government to "promote long-term projects in a stable manner."

To activate atomic energy projects at universities and enhance cooperation between the industrial circle, academic world, and government, Shibata's study team calls for the establishment of "an atomic energy research center" (tentative name). It proposes that the center collect information about accidents and problems related to atomic energy projects, decide which research themes are important, and allocate funds to institutes based on such decisions.

Shibata said: "We need a new framework so that all members of the atomic energy research community can share the information they need."

North Korea

Anniversary of Kwangju Incident Commemorated

SK0211213194 Pyongyang KCNA in English 1518 GMT 2 Nov 94

[FBIS Transcribed Text] Pyongyang, November 2 (KCNA)—Meeting of students in Pyongyang was held on November 2 to commemorate the 65th anniversary of the Kwangju student incident.

The incident, which erupted on November 3, 1929 when Japanese schoolboys insulted a Korean schoolgirl, was a struggle against outside forces and for national salvation and a massive anti-Japanese patriotic resistance waged by Korean students against the Japanese imperialists' colonial rule, national humiliation and colonial enslavement education.

Yi Chan, vice-chairman of the Central Committee of the League of Socialist Working Youth of Korea, in his report said that the Kwangju student incident left the precious lesson that if the popular masses, the makers of history, were to win the struggle for the independence of the country and sovereignty of the nation against foreign imperialism, they must be guided by an outstanding leader and the student movement be closely combined with the struggle of workers and peasants.

Sixty-five years have passed since students of Kwangju shed blood in the patriotic struggle for the independence of the country and the sovereignty of the nation, but their desire has not yet been realised in one half of the country and the South Korean people are still languishing under the colonial yoke, the reporter said.

He pointed out that the traitor Kim Yong-sam pointed the sword at the hearts of the fellow countrymen in national mourning, arrested many students and patriotic figures at random by fabricating groundless cases against the North, tried to obstruct the successful conclusion of the talks between the Democratic People's Republic of Korea and the United States and frantically stepped up preparations for a war against the North.

It is only too natural that the will for national unity and reunification cannot be expected from the traitor Kim Yong-sam who is trying to find a way out in dependence upon the outside forces and inter-Korean confrontation and no hope can be laid on him who is devoid of national independence and political principle, the reporter said, stressing: "Kim Yong-sam, the traitor for all ages, must be removed from the nation."

"Only the grave is awaiting the traitor Kim Yong-sam, forsaken by the nation," said the reporter. He demanded that the traitor Kim Yong-sam step down from power at an early date and repeal the "National Security Law" which bars free debates on reunification and the pro-reunification patriotic movement.

He urged Japan to discard her habit of seeking windfalls with the backing of big powers and take an independent road in line with the trend of the world toward independence, apologize and compensate for the crimes she committed against Korea in the past and refrain from foolish acts obstructing peace in Korea and its peaceful reunification in conspiracy with the Kim Yong-sam group of South Korea.

Present at the meeting were Ryom Thae-chun, presidium member of the Central Committee of the Democratic Front for the Reunification of the Fatherland, Paek Nam-chun, director of the Secretariat of the Committee for the Peaceful Reunification of the Fatherland, officials concerned and students.

Paper Marks 65th Anniversary

*SK0311111094 Pyongyang KCNA in English 1011
GMT 3 Nov 94*

["Papers Commemorate 65th Anniversary of Kwangju Student Incident"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—NODONG SINMUN today dedicates a by-lined article titled "Shouts Against Japan That Rang Out From Kwangju's Call Entire People To Struggle" to the 65th anniversary of the Kwangju student incident (November 3, 1929).

The paper says:

The Kwangju student incident was an explosion of the pent-up grievances and resentment of the Korean students and people against the Japanese imperialists' barbaric colonial rule, their national insult to the Korean people and colonial slave education and a demonstration of their determination to drive out the aggressors and restore the independence of the country and the sovereignty of the nation.

Though the resistance ended in a failure under the bestial suppression by the Japanese imperialist aggressors, it recorded a brilliant page in the history of the nation liberation struggle of the Korean people.

Sixty-five years have passed since the Kwangju student incident, but the Southern half of Korea still remains subjected to the domination and interference of outside forces and the Korean people have not yet established the independence of the nation on the nationwide scale.

The present reality demands that the Korean people restore the sovereignty of the country and achieve reunification by the united efforts of the whole nation, true to the proud tradition of the nation which has fought relentlessly in defence of the independence of the country and the nation.

What is important here is to remove the traitorous Kim Yong-sam clique of South Korea who, destitute of independence, play into the hands of outside forces and harm and sell off the interests of the country and the nation by humiliating flunkeyist treacheries.

The Kim Yong-sam puppet clique was on the run day in and day out in vicious efforts to block the progress of the DPRK-U.S. talks for a solution to the nuclear issue on the Korean peninsula and for its peace and security. Recently, it went the lengths of sympathizing with Japanese reactionaries in their attempt to all the East Sea of Korea "the Sea of Japan" and supporting Japan's efforts to become a permanent member of the United Nations Security Council.

With such a group of traitors and flunkeyists left intact, the South Korean people cannot free themselves from colonial slavery and the desire of the fellow countrymen to achieve reunification by the efforts of the internal force of the nation and attain the sovereignty of the nation on the nationwide scale cannot be realised.

ROK Student Delegate Tours University, Nursery

*SK0311044594 Pyongyang KCNA in English 0431
GMT 3 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—Choe Chong-nam, delegate of the South

Korean Federation of General Student Councils (Hanchongnyon), visited Kim Hyong-chik University of Education and the Kim Chong-suk Nursery.

At Kim Hyong-chik University of Education the delegate went round educational facilities before appreciating an art performance given by students.

Choe Chong-nam mounted on the stage, at the request of students, to sing the song "Let Us Go to Mt. Paektu", which were sung by students in the South during their demonstrations. And he, shoulder to shoulder with students, sang in chorus the song "Our Wish Is Reunification". Then he shouted together with the chairman of the Students' Committee of the university the slogan "Let Students in the North and the South Reunify the Country in Unity!"

The delegate wrote in the visitor's book: "The fellow students of Kim Hyong-chik University of Education are eternal friends and comrades of Hanchongnyon always on the road of struggle for national reunification."

He also visited the Kim Chong-suk Nursery and went round several educational rooms.

At the musical instruments room he said that he seemed to see a bright future of the reunified country in the unreserved eyes of children, in their dancing and singing and in their healthy and vigorous bodies.

He left in the visitor's book the following words: You are, indeed, the main props of a reunified country.

Human Rights Group Exposes Violations in ROK
SK0211151094 Pyongyang KCNA in English 1506
GMT 2 Nov 94

[FBIS Transcribed Text] Pyongyang, November 2 (KCNA)—Robert Charvin, secretary general of the International Jurists Committee for Democracy and Human Rights in South Korea, published an article under the title "On Human Rights Situation in South Korea and Reactionary Nature of 'National Security Law.'"

The article gives detailed accounts of the anti-democratic nature of South Korean society and the human rights violations there.

The article says among other things:

In South Korea, the "power" is in the hands of businessmen and those of military origin who are in complicated alliance and are bent on competitions. Hence repressive politics is being extended and the number of political prisoners is on an increase.

Those who oppose the present system of South Korea are punished as "spies of the North." All those involved in pro-reunification activities become the object of suppression.

Ever since Kim Yong-sam took office, the arrest of people on political charges has never ceased. This gives the same impression as given by the preceding military system.

The maintenance of lawmaking bodies violating human rights is contradictory to the so-called "democratization" of South Korea.

Noting that social inequality is growing in South Korea, Robert Charvin continued:

The gap between the rich and the poor, between town and country and other areas is constantly growing wider in South Korea.

The workers cannot exercise their rights in many social affairs such as strike, health and housing.

Although the Kim Yong-sam "government" pretends to be interested in other issues than "economic growth and reconstruction" for privileged classes, the number of children of the gutter and jobless people runs into hundreds of thousands in South Korea.

The contradictions of South Korea's policies are growing acute with the passage of time.

Referring to the question of Korean reunification, the article says:

The foreign military presence in the Korean peninsula is an infringement on and a threat to the rights of the Korean nation. The international community should help the Korean people in their efforts to reunify the country peacefully, transcending the differences of social systems.

Havana SKNDF Chief on ROK Human Rights
SK0311112694 Pyongyang KCNA in English 1027
GMT 3 Nov 94

[FBIS Transcribed Text] Havana, November 1 [date as received] (KCNA)—Pak Kwang-ki, chief of the Mission of the South Korean National Democratic Front [SKNDF] (Hanminjon) in Havana, had a press interview in Nicaragua together with William Grisbi Bado, member of the parliament, member of the National Leadership of the Sandinist National Liberation Front of Nicaragua and director of the Primerisima broadcasting station.

Chief of the mission Pak Kwang-ki briefed the reporters on the current situation of South Korea and the prospect of the reunification of Korea, the struggle of Hanminjon and the people and the human rights situation in South Korea.

He said that the Kim Yong-sam regime, throwing off the "civilian" mask, is cracking down upon the national democratic forces and intensifying the malicious offensive on Hanminjon in particular.

Noting that the number of the political prisoners has increased by 800 in the one year and a half after the emergence of the "civilian government", he said: "This itself is a living proof of the fascist nature of the present regime."

William Grisbi Bado said he witnessed on the spot the South Korean human rights situation.

He noted that in South Korea the progressive patriotic and democratic figures are under the round-the-clock watch of the 'security' agency and there are under the rule of the "civilian government" many long-term prisoners who have been kept behind bars for more than 30 or 40 years.

He said he would extend support and encouragement to the Hanminjon and the South Korean people in their struggle for the abolition of the "National Security Law" and other fascist laws, the release of long-term prisoners and for genuine democracy and conduct brisk activities to increase international pressure on the South Korean regime.

Foreign Party Leaders Hail North-U.S. Accord

*SK0311111694 Pyongyang KCNA in English 1017
GMT 3 Nov 94*

[All names as received]

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—Political party leaders of different countries hailed the agreed framework signed between the Democratic People's Republic of Korea and the United States of America.

Preben Moller Hansen, chairman of the Danish Workers' Party, Common Cause, when he met the Korean ambassador recently, said that the dear leader Comrade Kim Chong-il led the DPRK-U.S. talks with his gifted strategy so that the agreed framework was adopted, welcomed by the world.

"We are convinced that great change and bright future will be seen in Korea guided by him in the near future," he added.

Otete Gaston Mboyo, national chairman of the National Movement of the Genuine Lumumbist Combatants of Zaire, said in a press statement that the adoption of the agreed framework between the DPRK and the USA is a great victory of the peace-loving policy consistently pursued by the Workers' Party of Korea and the DPRK Government and it is an inspiring event of giving strength and confidence to the progressive political parties and people of the world.

No force on the earth can bring the Korean people wisely led by Comrade Kim Chong-il to their knees, he said, urging the United States to honestly implement all particulars specified in the agreed framework.

Naison K. Ndlovu, Politburo member of the C.C. [Central Committee], the Zimbabwe African National Union - Patriotic Front and deputy speaker of parliament, noted in a press statement that the Korean people have won a brilliant victory again this time by bravely fighting, not yielding to any pressure, rallied closer around Comrade Kim Chong-il, their supreme leader, as the great leader Comrade Kim Il-song wanted in his lifetime.

This greatly encourages the Third World's people in their advance along the road of independence, he added.

Japan's 'Scheme' To Revise Constitution Decried

*SK0311045894 Pyongyang KCNA in English 0445
GMT 3 Nov 94*

[“Japan's Attempt To Remove Stumbling-Block in Her Way of Aggression”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—NODONG SINMUN today comments on the scheme of the Japanese reactionaries to revise the Constitution under the pretext of "fulfilling Japan's full responsibility" as a permanent member of the United Nations Security Council.

Branding it as an attempt to pave the way for a lawful and unrestricted overseas troop dispatch and armed action under the name of the United Nations, an analyst of the paper says:

In actuality, Japan is removing one stumbling-block after another in the way of her overseas military aggression, having made all preparations for it. The constitutional revision means the removal of the last stumbling-block.

In revising the Constitution, Japan intends to exercise her influence upon the settlement of international disputes and jump into scrambles for global domination as a political and military power by taking a permanent seat of the Security Council.

If Japan wants to gain confidence of the peoples of Asia and the rest of the world, she should not amend the Constitution prohibiting armed actions but respect its spirit, stop her conversion into a military power and her nuclear arming and overseas troop dispatch and honestly take the road of peace. The opposite road will invite cold treatment and isolation from the world people.

The Japanese authorities must know that a constitutional revision for paving the way for armed intervention and aggressive war will result in her self-destruction.

Panama's Independence Anniversary Commemorated

*SK0311044894 Pyongyang KCNA in English 0438
GMT 3 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—A meeting was held in Pyongyang on

November 2 under the sponsorship of the Korea-Panama Friendship Association to mark the 91st anniversary of the independence of Panama.

Present at the meeting were Kim Kuk-hun, president of the University of National Economics and chairman of the association, and other officials concerned and working people in the city.

Speeches were made there.

A congratulatory message to the Panamanian president was adopted at the meeting.

Newspaper Marks Anniversary

*SK0311120194 Pyongyang KCNA in English 1031
GMT 3 Nov 94*

["91st Anniversary of Independence of Panama"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—MINJU CHOSON today dedicates a signed article to the 91st anniversary of the independence of Panama.

The article says that after the independence the Panamanian people have striven to defend the sovereignty and interest of the country and to build a prosperous new Panama against the aggression and interference moves of foreign forces.

The Korean people congratulate the Panamanian people on their independence day and wish them success in their work to smash the aggression and interference moves of the imperialists and build a free, prosperous new society.

Signature Campaign for Reunification Held Abroad

*SK0311112294 Pyongyang KCNA in English 1022
GMT 3 Nov 94*

[All names as received]

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—The signature campaign continued in different countries to support the proposal for founding the Democratic Confederal Republic of Koryo and "10-point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" advanced by the great leader President Kim Il-song.

Isaac Mwisongo, chairman of the Morogoro Regional Committee of the Revolutionary Party of Tanzania, signed the signature paper on behalf of 149,000 party members and 1,500,000 people in the region after explaining the 10-point programme at the regional party executive committee on October 21.

In Mexico, coordinating chairman of the National Council of Workers Heron Rosales Zamorano, secretary

general of the National Direction of the Socialist People's Youth Nabor Rubio Millan, secretary general of the Mexican Committee for Supporting Korea's Reunification Alejandro Rosales Sanchez and others signed the signature paper in the name of their organizations on October 20.

In Mozambique, the signature paper was signed by First Secretary of the Maputo City Committee of the Frelimo [Mozambique Liberation Front] Party Amaral Matos on behalf of 1,500,000 citizens, secretary general of the Mozambican Youth Organization Leonardo Kandeiro on behalf of 1,000,000 members, the secretary general of the Construction Trade Union on behalf of 85,000 members and the secretary of the Secretariat of State of the Agricultural Hydraulics of the Frelimo Party on behalf of the members of the secretariat.

In the Congo, the governors of district Nos. 4 and 6 of Brazzaville signed the signature paper in the name of 273,000 people. As a result, 1,233,870 people have participated in the signature campaign since its beginning.

The secretary general and members of the Pan-African National Congress signed the signature paper, representing 700 million black men in the five continents of the world.

The campaign was also conducted in Uganda, Yugoslavia and Madagascar.

Message Sent to Sao Tome-Principe Prime Minister

*SK0311120494 Pyongyang KCNA in English 1037
GMT 3 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—Premier of the Administration Council Kang Song-san sent a message of greetings to Carlos Dias da Graza on his appointment as prime minister of the Democratic Republic of Sao Tome and Principe.

Expressing the belief that the friendly and cooperative relations between the two countries will favourably develop in the interests of the two peoples, the message wishes him new success in his responsible work.

PRC Group, Others Honor Memory of Kim Il-song

*SK0311050494 Pyongyang KCNA in English 0441
GMT 3 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—The visiting delegation of the Chinese Society of Agronomy and Forestry led by its vice-president Han Yimin on Tuesday laid bouquets before the statue of the great leader President Kim Il-song standing on Mansu Hill in Pyongyang and paid a silent tribute to his memory.

Noting that he was very sorrowful to see the statue of the great leader, the head of the delegation expressed the belief that the Korean people would make a greater success in their efforts to accomplish the cause of socialism under the wise leadership of dear Comrade Kim Chong-il.

"The Sino-Korean friendship sealed in blood will be developed forever down through generations," Han Yimin said.

On the same day, Christophe Swinarski, delegate for the Eastern Asia of the International Committee of the Red Cross [as received]; and Hiroyuki Iwaki, chief of the Beijing branch of Radio Tokyo, and his companions laid bunches of flowers before the statue of President Kim Il-song on Mansu Hill and paid a silent tribute to his memory.

Chongnyon Officials Vow Loyalty to Kim Chong-il

*SK0311045294 Pyongyang KCNA in English 0436
GMT 3 Nov 94*

[FBIS Transcribed Text] Tokyo, November 1 [date as received] (KNS-KCNA)—A letter of pledge to Marshal Kim Chong-il, the great leader of our people, was adopted at a meeting of the officials of the Central Standing Committee of the General Association of Korean Residents in Japan [Chongnyon], which was held to make an oath of loyalty in response to his message of thanks to the entire people.

The letter of pledge notes:

"We, Chongnyon officials and Korean residents in Japan, though overcome by bitter sorrow and grief at the death of the great leader Generalissimo Kim Il-song, feeling as if the sky fell and the earth sank, could rise up resolutely, changing our deep sorrow and pains into fresh strength and courage, because you respected General Kim Chong-il who is just the same with the great leader in the idea, leadership and personality, is standing at the head of the country and the nation.

"As we are blessed with a sagacious leader, the greatest happiness, in the person of you respected General Kim Chong-il, the greatest of great men in the world, we are overcoming unprecedentedly stern trials and the bitterest sorrow of the nation with indomitable will and firm faith that the great leader Generalissimo Kim Il-song will always be with us and we are sure to win when we are guided by you, respected general."

The letter expresses the resolution to fulfil their loyal and filial duty in steadfastly defending the revolutionary traditions of chuche and the immortal revolutionary achievements made by the great leader Generalissimo Kim Il-song and accomplishing the revolutionary cause of chuche started by him, guided by the immortal chuche idea created by him, upholding the noble intention of the respected general.

Kim Chong-il Receives Messages From Abroad

*SK0311044494 Pyongyang KCNA in English 0427
GMT 3 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—Messages of greetings and letters to the dear leader Comrade Kim Chong-il were adopted at seminars on his immortal classical works "The Workers' Party of Korea [WPK] Organizes and Guides all the Victories of our People" and "The Historical Lesson in Building Socialism and the General Line of our Party", which were sponsored by the Portuguese Central Committee for the Study of Kimilsongism, the Bangladesh Self-Reliance Research Centre, the Nepal Institute for Chuche Studies and the International Study Centre for Chuche-oriented Mass Media in Nepal on the occasion of the 49th birthday of the Workers' Party of Korea.

Similar messages and letters were also adopted at the meetings which were held by the Nepal-Korea Friendship Association, the Syrian Arab-Korea Friendship Association and in Malsala, Finland to celebrate the 49th foundation anniversary of the Workers' Party of Korea.

They noted that the Workers' Party of Korea with a glorious history of nearly 50 years has made great achievements in leading the revolutionary struggle and construction work of the Korean people.

And they expressed the belief that the WPK would add lustre to Korean-style socialism centred on the masses under the wise leadership of Comrade Kim Chong-il.

They wished Comrade Kim Chong-il a long life in good health.

Meanwhile, letters to Comrade Kim Chong-il were adopted at a joint meeting of the presidential council of the World Federation of Trade Unions [WFTU] and the preparatory committee for the 13th WFTU Congress and at a joint seminar on the great leader President Kim Il-song's immortal classical work "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" held in Karachi, Pakistan.

Kim Chong-il Sends Thanks to Soldiers, Workers

*SK0311043394 Pyongyang KCNA in English 0422
GMT 3 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 3 (KCNA)—The great leader of our party and our people Comrade Kim Chong-il, supreme commander of the Korean People's Army, extended thanks to the soldiers of the Kim Sun-guk and Pak Chu-chil units of the Korean People's Security Forces who had distinguished themselves in tightening the Army-people relations.

The soldiers had built a 100-meter long bridge in a residential quarter and helped in constructing a new building of a senior middle school. They had also taken care of disabled soldiers and war veterans, deepening the bonds of kinship between the Army and the people.

Comrade Kim Chong-il also sent thanks to the Kim Chong-tae electric locomotive conglomerate, the West Sea Culture Institute, director of a department of the Ministry of the Building-Materials Industry Yu Tae-song and his wife and other units and working people who had set an example in assisting the People's Army.

Editorial Stresses Loyalty to Kim Chong-il

SK0311063294 Pyongyang MINJU CHOSON in Korean 15 Sep 94 p 1

[Editorial: "Loyalty, Devotion, and Sincerity are Functionaries' Trait"]

[FBIS Translated Text] Today, our party has emphatically stressed that functionaries should firmly prepare themselves to become chuche-type revolutionaries by thoroughly revolutionizing themselves, upholding the respected and beloved leader Comrade Kim Il-song's lifetime teaching. Functionaries should constantly revolutionize themselves, cherishing the party's intent deep in their hearts. Thus, they should become genuine revolutionaries who are infinitely loyal to the party and the leader [suryong], who are devoted to the performance of the revolutionary mission, and who sincerely serve the people.

The dear leader Comrade Kim Chong-il has indicated: "Being infinitely loyal to the party and the leader [suryong], struggling to carry out the revolution, devoting one's life, and sincerely serving the people is the basic trait that chuche-type communist revolutionaries should possess."

For functionaries to have loyalty, devotion, and sincerity as their basic trait is significant in strengthening the ranks of our revolution and in vigorously accelerating socialist construction.

Functionaries are the core elements of the party and the commanding members of the revolution. Only when functionaries are thoroughly revolutionized can they perform their duty as revolutionaries, outstandingly devote themselves to the revolution and construction, successfully push ahead with revolutionizing the entire society and assimilating members of the society into the working class, and, thus, achieve the socialist cause victoriously.

In the course of leading socialist construction, our party has given priority to the work of making functionaries revolutionary and has wisely led this work so that it can be successfully realized in conformity with the demands of modeling the whole society after the chuche idea.

As a result, a great change has been effected today in the ideological and mental ethos of our functionaries, and our revolutionary ranks have been firmly built. This is a brilliant victory of our party's policy.

Today, the imperialists and reactionaries are viciously scheming to obliterate our Republic, a fortress of

socialism, in all fields—political, economic, cultural, and military. To smash the imperialists' maneuvers and to achieve success in socialist construction and national reunification, it is imperative for functionaries, who are commanding members of the revolution, to surmount vigorously all sorts of difficulties with a firm faith under any arduous circumstance and, thus, to prepare themselves to become the revolutionaries struggling without faltering under any circumstances.

The problem of making functionaries revolutionary is not a mere businesslike problem, but is an important problem related to the destiny of the party, that is, the destiny of socialism. The collapse of socialism in some countries in recent years gives us a serious lesson that thoroughly making functionaries revolutionary is important in safeguarding and defending the socialist cause.

In view of today's prevailing situation, the revolutionary mission, and the party's demands, functionaries should be deeply aware that the level of their revolutionization lags behind and should make efforts to prepare themselves to become genuine revolutionaries armed with the basic trait of loyalty, devotion, and sincerity.

For functionaries to prepare themselves to become chuche-type revolutionaries it is important for them to be infinitely loyal to the party and the leader [suryong]. Loyalty to the party and the leader is an absolute characteristic of functionaries, and leading functionaries to be loyal and dutiful to their leader with a single mind of loyalty is the basis for preparing genuine revolutionaries.

Our functionaries are the commanding personnel of the revolution who have grown up to be revolutionaries, learning the truth of the revolution amid the bosoms of the party and the leader. It is precisely the obligation and duty of functionaries to be loyal and dutiful to the party and the leader who have fostered themselves.

Loyalty to the party and the leader can become most pure and solid only when it is cherished as a political faith and becomes a routine way of life based on revolutionary conscience, morality, and sense of obligation.

Functionaries should cherish in their hearts a sense of deep respect toward the leader [yongdoja] with a thorough knowledge of their leader and should have the firm, ideological resolution to share their destinies with the party to the end, while entrusting their all to the party under any arduous circumstance. At the same time, they should sincerely trust the dear leader Comrade Kim Chong-il and follow and uphold him with pure and clean revolutionary consciences and a sense of obligation.

Linking all thoughts and activities to the party's intent and, thus, repaying the party's trust and considerations with loyalty is another important trait of revolutionaries. Loyalty to the party and the leader [suryong] should be embodied and demonstrated in a routine work and life. Revolutionaries' loyalty is not displayed only in a period

of formidable trials and in a decisive battle site which determines life or death. Those functionaries who live and work according to the party's ideology and intent are genuine, faithful functionaries.

Functionaries should invariably uphold the party's ideology and intent both in times of peace and times of arduousness. In upholding the party's ideology and intent, their start should be the same as their end. Thus, they should glorify their whole lives with loyalty.

For functionaries to prepare themselves to become *chuche*-type revolutionaries it is also important to establish work habits of carrying out to the end revolutionary tasks assigned by the party with a high sense of responsibility and devotion.

The respected and beloved leader Comrade Kim Il-song, who devoted his whole life to the sacred cause for the people, exerted all his energies for the victory of the socialist cause even until his last moment and elucidated a brilliant path to effect a great upsurge in the revolution and construction. Genuine functionaries are precisely those who devotedly work at the outposts designated by the party, taking the respected and beloved leader's lifetime teachings as a motto.

Keeping in mind that thoroughly implementing the respected and beloved leader's lifetime intent is precisely the true road of properly upholding and following the dear comrade leader, functionaries should display infinite devotion in the struggle to implement the leader's [suryong] lifetime teachings.

Functionaries should start work in conformity with the interests of the revolution, proceeding from the stance of the party and the state. Thus, they should boldly and decisively push ahead with their works with a high revolutionary spirit and driving force. They should also advance, standing at the head of the marching ranks, and carry out all assigned tasks in a revolutionary manner.

All functionaries should carry out all work in a revolutionary manner with a firm faith in and optimism for the future, should be faithful to performing their duties, and should vigorously struggle to fulfill the party's policies. In particular, they should display the ethos of befitting the master in the struggle to implement the party's revolutionary economic strategy. Along with this, they should carry out economic organizational work and production management in a responsible manner.

The only way to vigorously advance the revolution and construction by surmounting all sorts of obstacles and difficulties and, thus, defend and glorify the socialist cause, is on the road of self-reliance and fortitude.

Functionaries should have the firm ideological determination to devote their whole lives to the revolution. They should also carry out assigned tasks without fail in a timely manner by creating favorable circumstances and conditions with their own efforts. They should mobilize all available reserves and potential and devote their

wisdom and efforts. Thus, they should contribute to strengthening the economic power of the country and to realizing the party's intent of improving the people's lives.

What is important in preparing functionaries to become *chuche*-type revolutionaries is to guide them into becoming genuine servants for the people.

Our party exists for the interest of the people and struggles for their interests. Therefore, only those who devotedly work for the people can become genuine functionaries.

Our people are the outstanding people who devote all things to the revolution, trusting only the party and their leader under all circumstances. Those who should take care of the lives of these people in a responsible manner and serve them are none other than our functionaries, and serving the people should become the starting point of our people's work and lives.

Functionaries should hold aloft the party's slogan "Serve the people," and actively struggle for the people's interests. At the same time, functionaries should make all possible efforts to share destiny with the people and to solve their ardent demands.

Functionaries come from our ordinary people and are members of our society who live together with the ordinary working people. Therefore, if functionaries consider themselves as a special class and act as such, they will separate from the people, like oil floating on water, and will not gain support from the masses.

Functionaries should always mingle with the masses and should be well acquainted with them, and, thus, should become true servants who sincerely work for them. They should not expect special treatment and special favors. They should lead frugal lives, like the working people, and should be clean in their economic and moral lives. By doing so, functionaries can become true servants who can gain love and respect from the masses.

All functionaries should temper and cultivate themselves in a revolutionary manner in conformity with the demands of the developing revolution, in order to become revolutionaries with noble traits. Thus, they should perform their revolutionary duties assigned before the party and the people and more firmly build our revolutionary fortress of socialism.

Article Views 'Revolutionary Economic Strategy'

SK0311055394 *Pyongyang NODONG SINMUN* in *Korean* 23 Sep 94 p 3

[Article by Professor Kim Chae-so: "The Adjustment Period of the Socialist Economic Construction and Our Party's Revolutionary Economic Strategy"]

[FBIS Translated Text] Today, our party and people are creating new miracles and feats in the struggle to accomplish the party's revolutionary economic strategy while

upholding the last wishes of the great leader Comrade Kim Il-song. To thoroughly accomplish the party's revolutionary economic strategy in the adjustment period of the socialist economic construction is an honorable and rewarding struggle to provide a firm guarantee so that the might of our-style socialism can be further consolidated and our country's economic construction can make great strides toward a new higher level.

The great leader Comrade Kim Il-song taught: "By thoroughly accomplishing our party's revolutionary economic strategy in the adjustment period of the socialist economic construction, we will be able to consolidate the foundation of the country's self-reliant economy as firm as a rock; to more smoothly guarantee the people's livelihood in conformity with the socialist demands; and to occupy a new position of offensive to conquer a higher peak of socialism."

Today, we are carrying out the tasks for the first year of the adjustment period.

The adjustment period of the socialist economic construction is a period to follow up the already-achieved successes and to occupy a new position of offensive to conquer a higher peak of socialism.

In the previous period, our country's socialist construction achieved development at an endlessly high speed under the wise leadership of the party and the leader [suryong]. Our people have successfully carried out vast long-term plans on several occasions, while overcoming difficulties and hardships confronting them, and built a firm self-reliant national economy on which we can stand on our own feet under any circumstances. We are waging a struggle to implement the tasks of the adjustment period in conformity with our party's new policy on the basis of such a brilliant victory and success.

An important task, which should be resolved in the adjustment period of the socialist economic construction, is, above all, to solidify the foundation of the country's self-reliant economy as firm as a rock.

In the previous period of the Third Seven-Year Plan, our party and people achieved great success in the socialist economic construction even under the difficult circumstances. The proud success, which we have achieved in the socialist economic construction under the condition that socialism has collapsed in various countries and that the anti-socialist offensive by the combined forces of the world's imperialists has been unprecedentedly strengthened, serves as an explicit demonstration of the invincible might and vitality of our country's socialist self-reliant national economy.

Our party's firm principle is to stand on its own feet while firmly defending the honor and dignity of socialism under any circumstances. Today, the imperialists are continuing to wage the vicious maneuverings to isolate, block, and stifle [chilsik] our Republic; and as a result the socialist market has disappeared, a basic

change has also been effected in the country's external economic relations. Under this condition, in order to defend and accomplish the socialist cause to the end, it is necessary to make material preparations more firmly so that we can stand on our own feet. This demands that we normalize production at a high level in all sectors, make the economic framework and structure perfect in a rational way, and help bear more fruit in the foundation of the self-reliant economy. To endlessly consolidate the independence [chajusong] and might of our economy by further solidifying our own economic foundation is an important task that should be carried out in no other period than the adjustment period.

An important task, which should be resolved in the adjustment period of the socialist economic construction, is to more smoothly guarantee the people's livelihood in conformity with the socialist demands.

Under the wise leadership [yongdo] of the party—which regards the question of endlessly improving the people's material and cultural life as its supreme principle—and during the previous period in our country, the people's food, clothing, and shelter were more smoothly resolved in the process of attaining a high level of growth in production, and much progress was made in enhancing people's livelihood. Therefore, today, our-style socialism centered around the popular masses is displaying matchlessly great superiority and vitality in all domains, such as in political life, cultural life, and material life. If we exert more efforts to improve the people's livelihood and make their livelihood more affluent in the adjustment period, the superiority and tractive force of socialism will be further consolidated, and our country will give off brilliant light as an impregnable fortress of socialism.

As a result of the thorough accomplishment of the line for the self-reliant national economic construction under the wise leadership [yongdo] of the party, the economic foundation of our country has been incomparably consolidated. The realistic condition of our country's economic development makes it possible to smoothly guarantee the expanded reproduction and enhance the people's livelihood to a higher level only by effectively utilizing the already-laid economic foundation. Our party has put forth a task to reflect such a reality of the socialist economic construction and enhance the people's material and cultural life to a higher level.

We can occupy an offensive position to conquer a new higher peak of socialism, if we have the workers' revolutionary enthusiasm and creative positiveness highly displayed by further improving the people's livelihood in the adjustment period, and if we firmly consolidate the foundation of the socialist self-reliant economy so that we can secure, with our own efforts, the material means necessary for the economic construction and people's livelihood under any circumstances.

The question to accomplish our party's revolutionary economic strategy carries great significance in resolving the tasks for the adjustment period of the socialist economic construction.

In his New Year address of this year, the great leader put forth the plan to accomplish the agriculture-first, light-industry-first, and trade-first policy in the adjustment period, and at the same time, to continuously develop the metal industry while giving solid priority to the coal industry, electric industry, and railway transportation, which are the preceding sectors of the people's economy.

The question to accomplish the agriculture-first, light-industry-first, and trade-first policy and develop the metal industry while giving priority to the coal industry, electric industry, and railway transportation is a matter of key importance to firmly consolidate the self-reliant economic foundation and further enhance the people's livelihood. This reflects the lawful demands of our country's socialist economic development, while taking into account the realistic condition in which the foundation of heavy industry has been firmly laid.

Originally, unlike the capitalist market economy, which aims at earning money, the socialist self-reliant economy is designed to promote the well-being of the people, and it demands that we harmoniously develop every sector in conformity with the principle of the socialist economy. In the previous period, on the basis of this, our party held on to the basic line of the socialist economic construction for developing the light industry and agriculture as well as giving priority to the question of developing the heavy industry; and made many efforts to develop the heavy industry in such a way that it can wonderfully serve light industry and agriculture. Under the condition in which the foundation of heavy industry has been firmly laid, the question to increase the state's investments in foreign trade and in those sectors that directly contribute to the improvement of the people's livelihood, such as agriculture and light industry, and to vigorously accelerate the development of these sectors serves as an important guarantee to harmoniously develop all domains of the people's economy, manage the state's economic life by our own efforts, and help the already-laid economic foundation bear more fruit for the people's livelihood.

When we increase grain production by accomplishing the agriculture-first policy, we can vigorously push ahead with the general development of the people's economy, while further improving the people's dietary life and providing a sufficient supply of raw materials for light industry. When we concentrate our effort on the light industry and develop it to an appropriate level, we can develop expanded reproduction at a high speed, while supplying goods throughout the society smoothly and successfully guaranteeing the balance between relevant sectors in the people's economy. In addition, when we actively pioneer the overseas markets and develop foreign trade on a large scale in conformity with the

changed environment, we can smoothly solve questions arising from the idea of consolidating the economic foundation and improving people's livelihood.

Our party's revolutionary economic strategy demands that we should continue to develop the coal and electric industries, railway transportation, and metal industry, as well as giving priority to agriculture, light industry, and production of export goods.

When we equip the light industry and agriculture with modern technology and help the preceding sectors of the people's economy—which guarantee raw materials, other materials, fuel, and power—smoothly display their capabilities, we can develop agriculture and light industry and achieve new upsurges in the general economic construction. In addition, by further consolidating the chuche character and might of our economy, we can more firmly solidify the foundation of the self-reliant economy that does not shake under any conditions.

Really, our party's revolutionary economic strategy most correctly reflects the lawful demands of the prevailing situation and our country's economic development; and is a scientific plan to open a new, brilliant prospect in the future road to our economic development. Our party's setting of the next three years as an adjustment period is very timely, above-board, and just; and its decision to concentrate efforts upon agriculture, light industry, and foreign trade is a very wise policy. When we vigorously wage the struggle to thoroughly accomplish the party's revolutionary economic strategy in the adjustment period, our people's economy will be able to vigorously march forward with more vitality, and to occupy a new offensive position to conquer a higher peak of socialism.

In his lifetime, the great leader Comrade Kim Il-song elucidated, on a wholesale scale, the tasks in the sector of the socialist economic construction, thereby providing a programmatic guideline so that our people can thoroughly carry through the party's revolutionary economic strategy and occupy a higher peak of socialism. Herein lies the respected and beloved leader's noble intention to more vigorously display the superiority and might of our socialism and unfold a more brilliant future for our fatherland and people by effecting a new revolutionary turn in all sectors in the adjustment period of socialist economic construction.

The basic key to carrying out successfully the tasks of the adjustment period by upholding the last wishes of the great leader and by thoroughly carrying through the party's revolutionary economic strategy lies in further consolidating the single-hearted unity of the revolutionary ranks centered around the dear comrade leader and in highly displaying the revolutionary spirit of self-reliance. When the entire party and all people highly display the revolutionary spirit of self-reliance on all fronts of socialist construction, while firmly rallying around the dear leader Comrade Kim Chong-il, we can achieve great upsurges in the economic construction in

the future, too, as in the past; and we can bring into brilliant bloom the lifetime wishes of the fatherly leader who had devoted all of his efforts, heart, and energy, all his life, to the happy life and future of our people.

South Korea

Daily: U.S. Reviewing Plan To Withdraw Troops

SK0311082994 Seoul CHUNGANG ILBO in Korean 3 Nov 94 p 1

[Report by Choe Won-ki and Chong Son-ku]

[FBIS Translated Text] It has been learned that following the settlement of the nuclear problem with North Korea, the United States has begun working-level studies to implement a phased reduction of U.S. ground forces stationed in Korea, which had been frozen.

On 31 October, a diplomatic source well informed in military affairs in Seoul revealed that "Following the DPRK-U.S. nuclear negotiations in Geneva, the Clinton administration decided to push ahead again with the plan (which had been previously frozen) to withdraw U.S. troops from the ROK, and the 8th U.S. Army has begun the working-level preparations."

From the outset, the United States formulated a plan to reduce U.S. troops in the ROK beginning in the early nineties in three phases, in accordance with a Bush administration (Nunn-Warner Amendment) plan stipulating a phased reduction of U.S. troops in the ROK. Under the agreement with the ROK, the United States withdrew 7,000 troops in the first phase in 1992. However, because of the nuclear problem, the United States froze the second-phase reduction plan to withdraw 6,500 troops.

The source also revealed that "As a medium- and long-term plan, the Clinton administration will withdraw the 2d Division, and will keep only approximately 22,000 U.S. forces in the ROK, including the Air Force in Osan, and communications units and U.S.-ROK Combined Forces Command troops."

The source said that the U.S. Army is thoroughly studying a plan to withdraw the 15,000-strong U.S. 2d Division, now stationed in the ROK, by 1996, and that "the previous plan was to recall the 2d Division to the U.S. mainland. But this plan is aimed at completely dissolving the division."

It was also learned that the United States originally planned to withdraw 6,500 troops in the second phase. However, it is planning to increase the number to 8,000 or 9,000 troops, which is the size of a brigade, and to eventually withdraw all infantry troops from among two infantry brigades; one artillery brigade, and one aviation brigade that compose the 2d Division, thus leaving only the 17th Aviation Brigade and the 19th Logistic Command. The U.S. 2d Division is the only main infantry division deployed in the advanced area along the

Western front. This division possesses fire power as strong as that of three or four ROK divisions. This division was charged with the role of iron wire for (?detering) a southward provocation by North Korea. In the event that the U.S. 2d Division withdraws, considerable amendment of the defense strategy of ROK Armed Forces, which have been organized on the premise that U.S. ground forces are stationed in the ROK, would be inevitable. Therefore, the ROK Armed Forces have been working to prepare for this situation.

On 1 November, U.S. Nuclear Ambassador Robert Gallucci [title as published], stated that North Korea deployed over 60 percent of its entire 1.1 million-strong Armed Forces in forward areas within 100 kilometers from the armistice line, and emphasized that their withdrawal is necessary for the establishment of DPRK-U.S. diplomatic relations. His remarks appear to be based on a long-range U.S. strategy foreseeing the withdrawal of U.S. ground forces.

Since the North Korean nuclear problem was raised, the ROK and the United States, during the 23d ROK-U.S. Annual Security Consultative Meeting held in Seoul in November 1991, agreed to "freeze the second-phase U.S. troop withdrawal from the ROK until the uncertainty of North Korea's nuclear development was completely removed," although the first-phase withdrawal plan was to be implemented. The two sides made this clear on many occasions.

Officials in the Ministry of National Defense stated that they were not informed of the plan of the second-phase withdrawal of U.S. troops, and that the withdrawal is desirable only after North-South military trust is achieved.

USFK Spokesman Denies Rumors

SK0311062894 Seoul YONHAP in English 0612 GMT 3 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 3 (YONHAP)—The U.S. Forces in Korea (USFK) flatly denied local press reports Thursday that work has begun to withdraw American forces.

"It's just not true, absolutely wrong," USFK Spokesman Jim Coles said in response by telephone.

"The current reality is neither we nor the American Embassy has been apprised of such a plan," he said.

The vernacular daily CHUNGANG ILBO reported in a front-page story that South Korea and the United States have started mid-level work to withdraw American forces.

The Nunn-Warner bill passed by Congress in 1990 projected a three-phase pullout of the 43,000 U.S. troops originally stationed here from 1990 to the year 2000.

The first-phase withdrawal of 7,000 was completed by the end of 1992, but the second phase of an additional

7,000 troops by the end of 1995 was frozen due to the North Korean nuclear problem.

The USFK spokesman recalled Defense Secretary William Perry's remarks during his visit to Seoul two weeks ago that American soldiers would not leave without a full resolution of the nuclear dispute and a retreat by North Korean conventional forces from the inter-Korean border.

"...Both governments are firmly committed to maintaining strong, capable military forces to deter any aggression from any source against the Republic of Korea," Coles said.

He added that any decision on a withdrawal would have to be made in full consultation with the South Korean Government.

Foreign Ministry Denies Reports

SK0311102294 Seoul YONHAP in English 1016 GMT 3 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 3 (YONHAP)—The Foreign Ministry on Thursday denied as "groundless" local press reports that the U.S. Administration has begun working on the reduction of the U.S. Forces in Korea [USFK].

"The reports are totally groundless. No decision whatsoever has been made on USFK reduction," ministry spokesman Chang Ki-ho said.

The CHUNGANG ILBO daily news, quoting a diplomatic source in Seoul, reported in a front-page top story Thursday that the Eighth U.S. Army headquarters in Seoul has started work on the phased reduction of American troops in Korea.

Chang noted that U.S. Defense Secretary William Perry made it clear in talks with President Kim Yong-sam during his recent visit to Seoul that despite the nuclear settlement Washington would not consider reducing the strength of the U.S. Forces in Korea until North Korea drastically cuts back its conventional military strength.

This policy of the United States currently remains unchanged, the spokesman said.

The American Embassy in Seoul and the Korea-U.S. Combined Forces Command, too, denied the reports, he added.

Gallucci's Remarks on DPRK Forces Analyzed

SK0311053594 Seoul KYONGHYANG SINMUN in Korean 3 Nov 94 p 3

[Article by reporter Yi Pyong-kwang: "Background of Gallucci's 'Reference to North Korean Military Strength'"]

[FBIS Translated Text] Why has the United States suddenly raised the issue of North Korean conventional forces?

Robert Gallucci, the nuclear ambassador of the U.S. State Department, told Japan's Jiji News Agency on 1 November that the North Korean forces concentrated along the Demilitarized Zone [DMZ] must first be withdrawn before North Korea and the United States establish ambassador-level diplomatic relations.

Nuclear Ambassador Gallucci said: "North Korea stations 60 percent of its forces of 1 million troops along the DMZ. This is unnecessarily provocative." He also said: "We must ask North and South Korea to build a mechanism for promoting mutual trust to ensure that the North Korean troops and heavy weapons be withdrawn from areas close to the DMZ."

His remarks have become the focus of attention as he made the remarks right after the conclusion of the DPRK-U.S. nuclear negotiations and due to his status as a high-ranking State Department official in charge of the North Korean issue.

Our government feels delighted because the United States said what our government had eagerly wanted to.

The government thinks this is related to the U.S. policy toward the Korean peninsula.

The Geneva North Korean-U.S. talks did not mention the conventional forces of North and South Korea. A ROK Government official concerned said that this episode confirmed that the United States has a will to resolve the conventional forces issue, as well.

The U.S. demand that no ambassador-level diplomatic relations can be established before the North Korean forces are withdrawn from the DMZ can be interpreted that conventional forces must be reduced on the Korean peninsula before the United States and North Korea establish formal diplomatic relations.

That the United States is paying attention, not only to North Korea's nuclear weapons, but to its conventional forces, has been confirmed by other high-ranking U.S. officials, as well.

U.S. Defense Secretary Perry, who visited the ROK in mid-October as a special envoy of the U.S. Government said: "North Korea's conventional forces have not been reduced at all even if the North Korea-U.S. agreed framework was signed." He also said: "The United States has no intention of withdrawing U.S. Forces from the ROK and weaken ROK-U.S. military cooperation before this issue is resolved."

At that time, Secretary Perry pointed out that the conventional forces issue may possibly be resolved in step with progress in North-South dialogue. He stressed: If the political situation on the Korean peninsula improves, the issue of reducing the forces deployed along

the DMZ can be discussed. North and South Korea must, as a matter of course, be parties to the resolution of this issue.

This confirms that the U.S. strategy toward the Korean peninsula pursues a solution to the nuclear problem, an improvement in North-South relations, and, consequently, the establishment of North Korean-U.S. diplomatic relations.

We presume the U.S. strategy is to resolve the conventional forces issue through improving North-South relations.

Therefore, in the course of implementing the North Korean-U.S. agreement, the United States will continuously persuade North Korea to resume North-South dialogue and, thus, ease tension on the Korean peninsula.

This is what we hope for.

We hope so, first, because the North-South basic agreement, which has not been implemented, will eventually be implemented and because a foundation will be built for promoting reconciliation and cooperation on the Korean peninsula.

We hope so, second, because we will have a basis for paying a very large amount of money for the North Korean light-water reactors.

It is clear it will be difficult for the ROK Government to persuade the people to understand why we should pour a very large amount of money into North Korea when the conventional forces issue has not been resolved and when North-South tension continues.

If the North Korean conventional forces are withdrawn from the DMZ, the United States will have ground to assist North Korea and foster an environment in which tension can be eased and in which U.S. Forces can be reduced or withdrawn from the ROK. Also, it seems nuclear Ambassador Gallucci has come to believe firmly that North Korea wants the reduction of the forces to resolve its economic difficulties.

Remarks 'of Great Significance'

SK0311093094 Seoul CHUNGANG ILBO in Korean 3 Nov 94 p 3

[Editorial: "It Is Necessary To See the Realization of the Withdrawal of North Korean Troops From the Truce Line Area"]

[FBIS Translated Text] On 1 November, Nuclear Ambassador Gallucci [title as published], who was the chief U.S. delegate to the North-U.S. negotiations, said that North Korea should withdraw its troops concentrated in the area along the truce line in order for the North to establish a full-scale [wanjonhan] diplomatic relationship with the United States. He made such remarks, before the impending experts talks between the

two sides to discuss the question of establishing liaison offices in each other's area. The talks will be held shortly in accordance with the agreement reached between North Korea and the United States in Geneva. In this respect, his remarks are of great significance in connection with the future of South and North Korean relations as well as North-U.S. relations.

This is not the first time that the U.S. side has taken interest in the fact that North Korea has concentrated 60 percent of its 1 million-strong troops along the truce line. U.S. Secretary of Defense Perry, who visited the ROK not long ago, also expressed his worries about North Korea's conventional military strength and stressed the need to reduce its size. This shows that the U.S. Government has a considerable amount of concern over the attack capabilities of the heavily-armed North Korea as well as about its nuclear issue.

North Korea has so far made the most of its nuclear bargaining chip, trying to obtain economic profits and even political gains from establishing diplomatic relations with the United States. And, we can say that North Korea has been successful to a certain degree. Nevertheless, Ambassador Gallucci's remarks about North Korea's conventional troops show that, as far as the question of establishing diplomatic relations between the North and the United States is concerned, everything will not proceed as smoothly as North Korea expects.

We should regard that, at a time when a settlement has been reached for the solution of the nuclear issue, Ambassador Gallucci's remarks were a declaration of the will to see the accomplishment of the principles which the United States presented to North Korea as conditions to the dialogue. Included in those conditions—in addition to the nuclear issue and the reduction of North Korean troops stationed in the area along the truce line—are the freeze of North Korea's development and export of offensive missiles and the improvement of human rights in North Korea.

Accordingly, Ambassador Gallucci's remarks demanding the withdrawal of the North Korean military troops concentrated along the truce line are part of the reasonable and natural process which North Korea and the United States ought to undergo in trying to normalize their diplomatic relations. If such a U.S. principle in normalizing diplomatic relations with the North is fulfilled and if the reduction of the North Korean troops in that area is realized, it would also be a good measure in the easing of tension on the Korean peninsula and in the improvement of the South-North Korean relations. We expect that the U.S. Government will see to it that such principles are carried through one by one in the process of conducting its dialogue with North Korea.

'Significant Speech' by Christopher Planned

SK0311105894 Seoul MUNHWA ILBO in Korean 3 Nov 94 p 3

[By reporter Han Chong-ho]

[FBIS Translated Text] The reduction of conventional arms along the truce line is likely to become a new point at issue. In particular, the conventional arms reduction marks the beginning of a new stage toward the reorganization of order on and around the Korean peninsula, which has been accelerated since the adoption of the Geneva agreement between North Korea and the United States, because it is related to the new U.S. strategy for Northeast Asia following the collapse of the former Soviet Union and the North Korean peace offensive.

Winston Lord, assistant secretary of state for East Asian and Pacific affairs, said on 2 November that U.S. Secretary of State Warren Christopher will deliver a "significant speech" on the security issue of this region during his visit to the ROK from 8 to 10 November. He then added that Secretary Christopher will mention the issue of the proliferation of conventional military capability existing on the Korean peninsula. In an interview with Japan's Jiji news agency on 1 November, Assistant Secretary of State Robert Gallucci pointed out the reduction of North Korea's military strength intensively deployed along the truce line as a matter of U.S. concern to be solved before the establishment of North Korea-U.S. diplomatic ties.

Prior to this, a series of remarks expressing concern about North Korea's capability of carrying out conventional warfare and stressing the need to reduce military capability was made by high-level officials of the U.S. Administration—such as Assistant Secretary Robert Gallucci (20 October); Secretary of Defense William Perry (21 October); and John Shalikashvili, chairman of the Joint Chiefs of Staff (23 October)—following the Geneva agreement.

The U.S. Government's attitude is seen as reflecting the Clinton administration's Northeast Asian policy to create a new multilateral security organization after an overall amendment of the previous U.S. security strategy on Northeast Asia, which included a blockade policy on the Soviet Union in the Cold War era. In view of this, it is very likely that the United States will propose the creation of a Northeast Asian security organization that focuses on arms reduction on the Korean peninsula and the building of a peace system on it. It also seems that the Chinese and Russians will make active moves to check the U.S. initiative. Some believe that Secretary Christopher's speech will be as significant in the area of security as Former Soviet President Gorbachev's Krasnoyarsk speech that declared the post Cold War era in Northeast Asia.

As the U.S. and North Korean moves to reduce the conventional military capability have become active, the ROK Government's position on this has changed. Regarding the series of high-ranking U.S. officials' remarks on arms reduction on the Korean peninsula following the North Korea-U.S. agreement, the government regarded this as a simple political tactic to soothe the ROK Government's initial dissatisfaction at the

Geneva agreement. However, being aware of the seriousness of the situation, the government is making efforts to prepare measures to cope with this.

An official of the National Unification Board stated: "Concerning the issue of a peace agreement, in the past the government repeatedly maintained a passive and defensive position that the article on nonaggression in the North-South agreement, which was agreed between the parties concerned in the North and the South, should be implemented first. However, a strong allegation has been raised within the government stressing that a more active policy should be worked out to create a peace system." This suggests that the government is ready to discuss the control and reduction of ordinary military capability [tongsang chollyok] in the North and the South.

Minister: N-S Energy Consultative Body Needed

SK0311083494 Seoul YONHAP in English 0811 GMT 3 Nov 94

[FBIS Transcribed Text] Yonggwang, South Cholla Province, Nov. 3 (YONHAP)—Deputy Premier and National Unification Minister Yi Hong-ku stressed the need Thursday for a new inter-Korean consultative body to discuss peaceful energy use through joint development.

Yi made the statement while inspecting work on the No. 3 and 4 units of the Yonggwang atomic power plant here, asserting that no technical problems will block South and North Korea from realizing a joint energy community in preparation for the 21st century.

He said that although both parties must meet various conditions to form the consultative body, "we cannot put it off indefinitely as the contract for the provision of light-water nuclear reactors to North Korea has to be concluded within six months."

Yi's remarks apparently indicate the government's intention to form the body before the reactors are provided and discussion of its creation will come when Kim Chong-il takes over as the North's official leader.

"Even though North Korea will be assisted with the light-water nuclear reactors through KEDO (the Korea Energy Development Organization), direct consultations between Seoul and Pyongyang in some form are inevitable," he said.

Besides the energy consultations, he added, formation of an information consultative body between the two sides is urgently required so they can prepare for the 21st century.

Han: Agreement Between KEDO, North Expected

SK0111100594 Seoul CHUNGANG ILBO in Korean 1 Nov 94 p 2

[FBIS Translated Text] On 1 November, Foreign Minister Han Sung-chu said the Korea Energy Development

Organization [KEDO], an international consortium to be formed to support the construction of light-water reactors in North Korea, will sign an agreement with Pyongyang on guaranteeing personal safety, technical cooperation, and atomic power cooperation with 10 countries expected to participate in KEDO.

In this case, it is virtually the same as signing an agreement between North Korea and the ROK, which is a KEDO member country, and will inevitably lead to exchanges between the two Koreas.

Foreign Minister Han stated: "In order to provide light-water reactors to North Korea, signing the agreement between North Korea and KEDO member countries is unavoidable." He also predicted: "However, since there are no diplomatic relations between North Korea and KEDO member countries, chances are high KEDO will collectively sign the agreement with North Korea."

He added: "In the event KEDO signs the agreement with North Korea, it will have the same effect as an agreement inked between the ROK and North Korea, providing a legal and systematic device for exchanges between the North and South." Thus, Han emphasized that the exchange between the North and South will surely be realized in the process of providing light-water reactors to North Korea.

The Foreign Minister then explained: "After KEDO is formed within this year, and the shares of each member country are fixed, various agreements will be signed between North Korea and KEDO in March or April 1995 when the negotiations to provide light-water reactors are expected to take place."

North Envoy: N-S Talks Unlikely Before Apology

SK0311024594 Seoul CHOSON ILBO in Korean 3 Nov 94 p 2

[REUTER/YONHAP report from Bangkok]

[FBIS Translated Text] Yi To-sop, North Korean ambassador to Thailand, said on 1 November that inter-Korean dialogue is unlikely to be resumed unless the ROK makes an apology for the attitude it assumed upon the death of Kim Il-song.

In a news conference held on the evening of 3 November, Ambassador Yi pointed out that President Kim Yong-sam had ordered the army to assume an emergency alert posture following Kim Il-song's death and had prevented ROK figures from attending a funeral service. He then added: "It is hard for us to understand such an attitude. President Kim Yong-sam should have paid condolences."

Even though inter-Korean dialogue will be resumed at some point in accordance with the North Korean-U.S. agreed framework, the ROK should first sincerely change its stance, he maintained.

North Expected To Try 'Phased Open-Door Policy'

SK0311121594 Seoul YONHAP in English 1202 GMT 3 Nov 94

[FBIS Transcribed Text] Beijing, Nov. 3 (YONHAP)—North Korea may allow no-visa visits by foreigners including South Koreans to the Najin-Sonbong free trade zone early next year, a highly placed source in China said Thursday.

The source who often visits Pyongyang meeting Kim Chong-il and who maintains friendly ties with some senior Pyongyang officials, said North Korea is expected to adopt a phased open-door policy after Kim Chong-il formally took full power through a Supreme People's Assembly session slated for next month. [sentence as received]

As a first step toward the open-door policy, he said, North Korea plans to allow no-visa visits to the Najin-Sonbong area by South Koreans and other foreigners.

The source who visited Pyongyang to attend the Oct. 16th memorial rally on the 100th day of the death of Kim Il-song, said he confirmed the policy in talks with senior party and administration officials in Pyongyang.

North Korea, he said, will also open some major cities other than Pyongyang in the future and determine the time of such opening depending on the outcome of no-visa visits to the Najin-Sonbong area.

The cities that may be opened would include Chongjin, Nampo, Sinuiju, Wonsan and Kaesong, he said.

Saying that there is nothing wrong with Kim Chong-il's health, the source said Kim Chong-il would go through official procedures for rising to full power within the year.

North Said To Mobilize Soldiers for SEZ Work

SK0311033794 Seoul KBS-1 Radio Network in Korean 0310 GMT 3 Nov 94

[FBIS Translated Text] Attracting our attention is the news that North Korea issued an order to mobilize about 100,000 military troops into the construction of the infrastructure in the Najin-Sonbong area, a special economic zone [SEZ].

One high-ranking government official concerned made public today that the intelligence organizations of the ROK and the United States have recently detected that North Korea has decided to mobilize its military troops into the Najin-Sonbong area.

The official said that in view of the fact that the North Korean troops are working soldiers, this decision seems to be aimed at their helping in the construction work in that area.

The government analyzed that these troops of North Korea might be part of the People's Security Forces under the Ministry of Public Security which are in charge of public security in the rear area and military engineering.

Businessmen Informed of Possible Visits to North Korea
SK0211111694 Seoul HANGUK ILBO in Korean 2 Nov 94 p 11

[Report by Yu Sok-ki: "The Government To Permit Businessmen To Visit North Korea Within This Year"]

[FBIS Translated Text] On 1 November it was learned that business circles were informed of the government's position to permit businessmen to visit North Korea and establish liaison offices there within this year.

A high-ranking government official stated: "A high-level official from the National Unification Board [NUB] called an informal meeting in the Shilla Hotel last week of those in charge of North Korean affairs from general trading firms and 15 large business groups, all of which were involved in trade or in processing trade with North Korea in the past. At the meeting, the official informed them of the government's policy."

It is the first time a government official revealed the policy to permit businessmen to visit North Korea since the DPRK-U.S. nuclear negotiations were settled.

At the meeting, the NUB official also revealed to the attendants that the government is going to lift in a phased manner within this year its previous policy of linking the nuclear issue with economic cooperation. As a first step, the government plans to permit visits by businessmen to North Korea, the staying of technicians in the North, the establishment of liaison offices in North Korea, and the export of production facilities for processing-on-commission trade in North Korea. It was also learned that the official asked businessmen to make appropriate preparations prior to the government's permission of their visits. Finally, he requested business firms refrain from engaging in excessive competition with each other.

Paper Speculates About O Chin-u's Stay in Paris
SK0311114994 Seoul CHUNGANG ILBO in Korean 3 Nov 94 p 8

[By Ko Tae-hun from Paris]

[FBIS Translated Text] O Chin-u, 77, minister of the North Korean People's Armed Forces, secretly visited France on 25 October to be examined by French doctors, and quietly remains in the North Korean mission in Paris. As of 3 October, he has spent 10 days there.

It has been confirmed that O Chin-u was examined on 27 October for 30 minutes at the Paris Laennec Hospital, a French hospital specializing in lung cancer, and that doctors said he has terminal lung cancer.

O Chin-u has stayed at the North Korean mission's luxurious housing area in Paris without undergoing a second medical examination or being hospitalized.

Therefore, people doubt that he really came to Paris for medical treatment or other hidden purposes because of his calm attitude, even though he was examined as a patient who has terminal lung cancer.

We cannot rule out the assertion that it is likely that O Chin-u was forced to come to Paris to receive medical treatment in exile [yubaesong sinbyong chiryo], because he became an obstacle [kolimdol] in a delicate situation in which the power succession is transferred to Kim Chong-il, even if he is not an object of a purge.

Along with this, he has extended the period of his stay in Paris because he has brought with him Kim Chong-il's medical records. This indicates that North Korea has actually imported a considerable amount of medicine from Paris for Kim Chong-il's medical treatment.

Because the French Foreign Ministry has remained silent regarding O Chin-u's movements and the results of his medical examination, details of his stay have not yet been disclosed. This is also due to North Korea's strong protest against France regarding reporters news coverage of O Chin-u when he left the hospital. Accordingly, the French side has paid close attention to security issues to the extent that it stopped providing information to the ROK Embassy in France regarding O Chin-u's movements.

North Korea has deployed its tough embassy employees to prevent ROK reporters from covering news on O Chin-u, keenly reacting to the reporters who are waiting for him in front of the North Korean mission to take a picture of him when he leaves the mission.

Kim Chong-il's Illness, Recent Appearances Noted
SK0311064494 Seoul HANGUK ILBO in Korean 3 Nov 94 p 7

[Article by Hong Yun-o]

[FBIS Translated Text] Although reports on Kim Chong-il's conducting official activities have been broadcast one after another, it seems that he has health problems, thereby attracting the public's attention. According to the National Unification Board, North Korea's official Central Broadcasting Network broadcast on 2 November that on 1 November Kim Chong-il inspected the construction site of the "Chongnyu bridge" over the Taedong River in Pyongyang. The first phase of the project has been completed using the "suspension bridge construction method." Following his inspection of Tangun Tomb on 29 October, on 1 November Kim Chong-il gave his second on-the-spot guidance following Kim Il-song's death, thus demonstrating he is in good condition and, at the same time, hinting that his assumption of power as the party general secretary and the like is imminent. North Korea's 1 November television

footage of him inspecting Tangun Tomb showed that he had a relatively bright look and appeared energetic [hwaldongjok]. In particular, he seemed to be taking pains to quiet the rumor about his being seriously ill, while giving encouragement and directives to the party cadres who were accompanying him by making gestures tumultuously and going up and down a flight of stairs with agility.

This notwithstanding, government authorities, who made a scrutinizing analysis of the television footage, have judged that there is a sign of a health problem. Kim Chong-il's mouth appears to have been twisted to the right side to a considerable degree, maybe due to facial paralysis. His face also seemed to be swollen badly and had a sickly appearance.

One intelligence official said: "During the scrutinizing analysis of the movements of Kim Chong-il's mouth corresponding to what he said, we could confirm that he had a sickly appearance to the extent that his facial muscles were leaning to one side. We do not know the cause of the symptoms of his new illness. We judge that Kim Chong-il was wearing a pair of sunglasses to cover this up."

In the meantime, North Korea experts in Japan, including Professor Masao Okonogi of Keio University, are raising suspicions about Kim Chong-il's health in spite of a series of appearances on television. Professor Okonogi said that when Chinese Premier Li Peng, who is now visiting the ROK, tried to visit North Korea last month, the North Korean side turned his offer down, thereby heightening the rumor that Kim Chong-il has a health problem.

The prevailing opinion of intelligence officials is: For quite some time, it was almost impossible for Kim Chong-il, who has suffered from a cardiac disease from his early days, to move around because of the complications of illnesses, in addition to the diabetes he has suffered following Kim Il-song's death.

ADB in 'Dilemma' Over Membership for DPRK

SK0311061094 Seoul KYONGHYANG SINMUN in Korean 3 Nov 94 p 7

[By reporter Pak Yong-chae]

[FBIS Translated Text] The Asian Development Bank [ADB] is in a serious dilemma over the issue of North Korea's membership.

The ADB was able to ignore North Korea's request for membership because North Korea had yet to make a formal application, and because big donors, such as the United States and Japan, did not support North Korea's entrance in the ADB. Their attitude remained unchanged when reports surfaced recently on North Korea's mentioning to Australia that it wanted to join the bank.

However, the situation began to change on 21 October when the U.S.-North Korea negotiations on the nuclear issue were concluded. As the provision of support for North Korea building light-water reactors emerged as an issue after the conclusion of the negotiations, the ADB became split into two.

Under the ADB regulations, it is impossible for the ADB to aid a country that is not a member. In addition, the ADB deems it an important principle not to aid in the construction of atomic power plants at all on grounds of environmental protection.

Nevertheless, the ADB is troubled because strong donor nations like the United States and Japan seem to have plans for the ADB to cover some of the expenses for building light-water reactors in North Korea. Of course, the ADB has yet to receive a formal request on this from either the United States or Japan. High-level officials of the ADB, however, anticipate that the United States and Japan will turn to the ADB anyway, because they will be reluctant to provide such a large amount of money.

A highly-placed ADB official said: "A high-level North Korean official visited the ADB in March to ask various questions on the procedures for joining the ADB." He went on to confess: "At the time, I got a strong feeling from the attitudes of the U.S. and other representatives, that North Korea had been encouraged by them to join the ADB."

The ADB's inability to defy these big donors is linked to the recent rapid decline in the ADB's prestige. It has been learned that at the ADB general meeting held in May, the United States made various stipulations on the conditions for getting approval to a request for a capital increase in business loans to developing countries. Because of these iron-bound conditions for requesting such loans, developing countries' requests for loans have declined rapidly. The total amount of loans from the ADB has rapidly decreased in spite of the ADB's abundant funds. As this odd situation continues, some people are hastily concluding that the ADB's role has terminated.

In conclusion, the ADB has fallen into a dilemma, because it is impossible to meet the donors' demand to provide aid for North Korea to build light-water reactors in disregard for its regulations. Of course, there are many barriers North Korea must overcome in applying for ADB membership. It is difficult at present to predict whether North Korea will observe the ADB regulations that require a loan-requesting country to open up information on itself. In order to enter the ADB, a country must be supported by two-thirds or more of the participants in a general meeting attended by over three-fourths of the member countries. Moreover, it is unclear whether European donors, who value environmental protection, will approve of the building of light-water reactors and declare their approval of North Korea's entrance into the ADB.

*** Unification Church's Links to North Viewed**

942C0216A Seoul WOLGAN CHUNGANG in Korean
Sep 94 pp 302-309

[By reporter Ho Ui-to: "Unification Church's Offer of \$3 Billion in Economic Cooperation Fund, A Connection Built by the Kim Father and Son over Two Generations"]

[FBIS Translated Excerpt]

- The Rev. Mun Son-myong was touched by Pyongyang's move making a "sanctuary" of the house where he was born;
- How the Unification Church purchased Potong River Hotel in Pyongyang;
- Truth of "Pak Po-hui's Alleged Emissary Role" and "CNN Pyongyang Bureau"

[Passage omitted]

How was the reconciliation between the late Kim Il-song and the Rev. Mun Son-myong made possible? Inasmuch as the Unification Church had been known to be professedly anticommunist and hostile to North Korean socialism, the development was received as a virtual mystery when it was first reported.

In reference to the basic philosophy behind it, Professor "L", familiar with the Unification Church, says "it was no mystery after all. the Kim Il-song leadership and the Unification Church bear similarities to each other in many aspects with the exception of the 'dictatorship' part. Moreover, the Unification Church was racing toward the former Soviet Union and China in an expansionist drive targeted on socialist nations, which took it to North Korea. As for Kim Il-song, he was obviously envious of the Unification Church's wealth. More importantly, the Unification Church had been wandering about as it could not find a home in South Korea, for sentimental reasons combined with the invisible persecution by the Seoul government.

"In a nutshell, to embrace the Unification Church dovetailed with North Korea's united front tactics. At the time, the Unification Church had a number of problems. It had invested a great deal of money in South Korea but gotten nowhere. I know that this even led to discussions among leaders about withdrawing all its investments from South Korea and bringing them to North Korea and China. They thought that they could be better off that way."

The professor could be basically right. Still, the question remains—what was it that led them to the reconciliation? Pak Min-su, a defector, who was the deputy manager of the Koryo Electronics Technology Company at the time of Rev. Mun's Pyongyang visit, says: "At the time, television showed Pak Chong-kun standing right behind Rev. Mun on several occasions. A deputy director-level party figure, Pak Chong-kun was in charge of

external economic operations or South Korea operations in the United Front Department. He was acting as intermediary."

Truth of Contributions, \$3 Billion in Economic Cooperation

On the relationship between the Unification Church and the Kim father and son, the Japanese weekly SHUKAN BUNSHUN dated 4 August reported, in part: "Pak Chong-kun, while engaged in South Korea economic operations, met Pak Kyong-yun, a Korean businesswoman residing in the United States, in Beijing through the introduction of a Chinese. After they became close, Pak Kyong-yun suggested that Pyongyang invite the Unification Church to North Korea. This led to preliminary negotiations on 8 and 16 November 1991, in which the Unification Church was represented by Pak Po-hui and North Korea by Kim Tal-hyon, then vice premier and chairman of the State Planning Committee, and Pak Chong-kun. Results of the talks were immediately reported to Kim Chong-il, and Rev Mun's North Korea visit materialized.

"In the final analysis, North Korea was after the Unification Church's money. Pyongyang requested \$150 million in contributions but the Unification Church promised \$3 billion - \$3.5 billion in economic cooperation funds. In the talks between Kim Il-song and Rev. Mun, cooperation programs were discussed, including Mt. Kumgang tourism and Tumen River industrial development projects. Agreement was also reached at that time on the operation of Potong River Hotel by the Unification Church. The Unification Church's calculation was to make economic gains by bringing adherents there and having them make inroads into North Korea. After all, the 'economy is money' logic drove them to a tie-up."

In this connection, we need to clarify two things before moving on. One is about the difference in the nature of money involved. While North Korea requested a contribution, the Unification Church proposed an economic cooperation fund more than 20 times the requested contribution. In short, contribution means a gift while economic cooperation fund means a direct investment with retained ownership or a loan. The difference represents a gap between their basic calculations. The other issue concerns the amount of \$3 billion - \$3.5 billion. In fact, however, an accepted view is that the two sides never discussed any specific numbers.

Instead, the Unification Church merely told the North Korean side that it would "provide as much money as South Korea offered in its economic cooperation with the Soviet Union." And the loan to the former Soviet Union signed by the ROK was \$3 billion, of which a little over \$1.5 billion was executed but the rest suspended due to Russia's default of payment on the principal and interest, a development reminiscent of the fact that the Unification Church has been unable to properly fulfill its investment commitment to North Korea in the wake of a 1992-93 financial crisis and the North Korean nuclear issue.

Then, how much money has the Unification Church put in North Korea in investment and contribution to date? The Potong River Hotel figures in here. Since this is a matter even admitted by the Unification Church side, it seems meaningful to take a look at it. The story in SHUKAN BUNSHUN continues: "The Potong River Hotel is symbolic of the relationship between North Korea and the Unification Church. The nine-story, 170-room hotel was completed last year. Characteristically, its owner is not the state but the Mt. Kumgang International Group. Moreover, the Unification Church has been in charge of its management since November last year. The Mt. Kumgang International Group also built a five-story main-office building in the Central District of Pyongyang City last year. Also, near the Potong River Hotel stands a lodging house named Ansan Hall, its general manager being a Unification Church adherent as in the case of the hotel."

Pak Kyong-yun: "Buying a Hotel With the Church's Money"

The Mt. Kumgang International Group and the Koryo National Industries Development Association were organizations then under the control of "Room No. 39"—Kim Chong-il's secretariat—playing the role of putting Pak Kyong-yun and Pak Chong-kun together. The parent organization of the Mt. Kumgang International Group is the Mt. Kumgang International Trade Development Company which Pak Kyong-yun established in Pyongyang in 1988. After that, she founded the Mt. Kumgang International Tourist Company, Mt. Kumgang International Airline and Koryo Industrial Bank. She then established the Mt. Kumgang International Group and became its president. The president of the Mt. Kumgang International Trade Development Company is Pak Chong-kun, who is at the same time chairman of the Koryo National Industries Development Association.

Meanwhile, the Japanese journal ZAIKAI TENBO in its July issue reported on the Unification Church's investment in North Korea and said: "The Rev. Mun Son-myong is building a 900-room, highest-class resort hotel in Mt. Kumgang, North Korea's most famous tourist spot." Meanwhile, the SHUKAN BUNSHUN story quotes a "business source" as saying that "when I met Pak Kyong-yun three years ago, she told me that she was trying to purchase a North Korean hotel with the Unification Church's money."

Such being the situation, it is virtually impossible to have a reasonable estimate of how much money the Unification Church has put into North Korea in investment and aid gratis so far. Furthermore, the Unification Church side denied reports of a "900-room resort hotel," making it difficult to know where, and how, such investments are being made. To make it more complicated, some sources speculate that the Unification Church is the financial source of Pak Kyong-yun's various businesses in North Korea.

Professor "L" says: "There is one thing clear, however, and it is that the Unification Church's investment in North Korea is not very large. There have been no reports either suggesting that Pak Kyong-yun is doing good or achieving any successful results. Apart from the economic cooperation fund story, there have been frequent reports of the Unification Church promising or making contributions to schools and public organizations in North Korea and China's Yanbian region."

Nevertheless, there are no signs of a crack or alienation in their relationship. Rather, as seen in the adventurous Pak Po-hui visit to North Korea, it is more accurate to say that the relationship is increasing its firmness. Is it the power of influential figures like Pak Kyong-yun and Pak Chong-kun that created such friendly ties between the Unification Church and North Korea?

Kim Il-song and Rev. Mun, at their meeting in the Kim Il-song official residence in Hamhung on 6 December 1991, agreed on the Unification Church's aid to North Korean industries except the munitions industry, on the issues of reunion of displaced families and peaceful use of nuclear energy, and on the possibility of a North-South summit. At the time, media in South Korea, preoccupied with reporting the fact of Rev. Mun's visit and his meeting with Kim Il-song, overlooked the significance of the fact that the meeting took place in Kim Il-song's official residence located in Majon, Hamhung.

Mun Touched by "Restoration" of House Where He Was Born

Only SEGYE ILBO, published by the Unification Church, said in its report: "President Kim, greeting Rev. Mun, said 'I welcome you to your hometown. I wanted to see you, so I decided to visit your hometown myself although there was some objection around me.' In response, Rev. Mun said 'I came to be a good friend of yours. Even if there are differences in thinking and ideology ...'"

The SEGYE ILBO report continued: "At one point in their conversations, Rev. Mun said 'I visited Chongju and was happy to find my house of 50 years ago standing intact. Let's see each other more often in the future.' President Kim responded: 'Please come again. Next time let's go fishing together.' The Rev. Mun Son-myong and President Kim Il-song met as friends, not enemies, and their talks proceeded in an atmosphere filled with harmony from the beginning to the end."

It was against this backdrop that Pak Po-hui described the two men's relationship as "brotherly." Also, rumors widely circulating had it that they swore to be brothers. Back to the SHUKAN BUNSHUN story: "When Rev. Mun said 'Please be my elder brother,' President Kim answered 'I will.' Then, Rev. Mun said 'We are now brothers, so I have a favor to ask of you, my elder brother. Please leave your son's education to me.' Kim Il-song responded 'I see.'"

The interesting part in the story goes on as follows: "The day before his meeting with President Kim, Rev. Mun had visited Chongju, his hometown, for the first time in 50 years. North Korean authorities had expanded the access road to the house where Rev. Mun was born. They also had restored and enlarged the house itself. Paint was still wet when he and his entourage arrived there. It was rumored that the house was officially included in North Korea's pilgrimage route.

"According to No Yong-mo, Kyonghui University visiting professor, 'North Korea had put out the condition that Rev. Mun's old house in Chongju should be smaller than the house where Kim Il-song was born.' Authorities even posted a 'Holy Place' sign at the Hungnam ceramic and fertilizer plant where Rev. Mun was put to slave labor in the Japanese colonial days, including it in the pilgrimage route."

The relationship between Rev. Mun and Kim Il-song continued to grow closer. One of the scenes demonstrating it was at the Kim Il-song Stadium on 15 April 1992. A mass game celebrating Kim's 80th birthday was in progress. When a dancing program extolling patriots began, the names of eight patriots including independence fighters were shown in the stadium's card-display section one after another. The cards showing the last name was 'Mun Son-myong.' Considering the fact that North Korea officially lists as patriots those who contributed ¥ 100 million to the state, the scene gave a hint of how much the Unification Church had given North Korea.

CNN Coverage of N. Korea Said To Be Work of Rev. Mun

Professor "L" concludes: "What moved Rev. Mun's heart decisively seems to be the 'restoration' of the house where he was born. Following the restoration, North Koreans videotaped and sent it to him, and he was anxious to convey his gratitude to Kim Il-song one way or another. After all, the two men, in effect, emerged as twin stars over the houses where they were born."

His analysis seems to carry substantial validity. In fact, the projected Najin-Sonbong free trade zone includes plans not only for industrial complexes but for hotel, leisure, and tourist complexes as well, a feature attractive to the Unification Church side. In addition, its location points to the possibility of a pervasive effect extending to China and Russia, adding to the significance of the project.

In this environment, the Unification Church and Rev. Mun are viewed as a major link in North Korea-U.S. and ROK-North Korea relations. Contributing to this observation is the allegation that they played a role in an invisible friendly deal between North Korea and the American CNN Television. A typical example of the deal is the fact that the CNN Beijing Bureau chief, (Mike Chinochy), reported from Pyongyang on 1 August about Kim Chong-il's North Korea. Earlier, CNN reported the

outcome of the Carter-Kim Il-song talks in a live broadcast from Pyongyang, taking rival media aback. [passage omitted]

Another allegation is that the Unification Church, Rev. Mun, and Pak Po-hui are acting as emissaries of the ROK Government in its relations with North Korea. A rumor, attributed to a diplomat in Washington, had it that "Mr Pak, along with a bureau-chief-level official of the ROK Government, made a top-secret visit to North Korea in January this year," and this caused an uproar. Then came a story in the Japanese economic monthly ZAIKAI TENBO, adding plausibility to it.

ROK Source: We Also Have a Channel in Operation

The report said: "President Kim Yong-sam shook hands and made peace with the Unification Church, which supported Chong Chu-yong in the presidential election. It was for the cause of the ROK Government to bolster its channel with North Korea. The Kim Yong-sam government had no other alternatives to bolster its feeble 'hot line' with Pyongyang. Activities of the Unification Church in South Korea are picking up, seemingly as a result of the reported reconciliation."

Despite all the probabilities, it is an unconfirmed speculation or hearsay. An informed government source says: "There is no way of confirming if a Unification Church channel is actually in operation. But there was a separate, hidden effort under way in Beijing to develop a hotline. I cannot say who is leading that effort. The initial three or four contacts had just led to a discussion of a summit when the Carter-mediated North-South summit plan popped up. It was a frustrating development indeed."

"The Self-Styled 'Pro-North by Propensity,' Hidden Economic Potentate of the Kim Chong-il Line—Pak Kyong-yun, President of the Mt. Kumgang International Group, and Her Relationship with Pyongyang"]

Pak Kyong-yun, age 60, was born in Chungchong Province and grew up in Seoul. After graduating from Sudo Girls High School, she worked in 'Korea House,' a political and diplomatic 'delivery room' in the 1950's, to earn tuition. She enrolled in a night college, majoring in political diplomacy, and went to the United States in 1958.

She entered the University of Kansas in 1959, taking the journalism course; moved to the University of Oklahoma in 1962 and took the accounting course. She met and married a certain Yun, a student from South Korea (a lawyer now), while in that university. She remarried Pak No-chong, a Korean businessman in Japan and inherited an estate worth Y5 billion following her husband's death in 1986."

The above is a brief history of Pak Kyong-yun, currently drawing attention for her role as intermediary between the Unification Church and North Korea. It is indeed brief but no further details are available of her life. What

is behind her close relationship with Kim Chong-il, and her ability that laid the bridge between the Unification Church and the Kim's, father and son? Why does the ROK Government shun Pak Kyong-yun? All these questions are fueling people's curiosity. Everything that answers those questions started in Beijing, China.

Pak Kyong-yun first visited Beijing in the early 1980's. Her husband, Pak No-chong, a Korean businessman in Japan, had lost a huge amount of money in the "Saenara auto scandal," one of the "big four scandals" in the early days of the Pak Chong-hui government. At the time, he was dejected because a real estate business he opened in Los Angeles and Honolulu also failed.

They both loved China. They lived there for a year and a half, beginning in 1984. When Pak No-chong died, his last words were: "I lived through all these years amid national turmoil and sufferings and my regret is that I couldn't do any meaningful things for my fatherland."

Pak Kyong-yun decided to find the "meaningful things" in China and North Korea. She made her first visit to North Korea in 1986, where she reconfirmed having an inclination toward socialism. She describes herself as "evidently pro-North Korea by propensity."

This could be the result of a combination of factors, including the painful memory of poverty in which she grew up as one of six siblings, and the ordeals her husband was subjected to by the ROK Government. She once said in an interview that "although I have all the money I need for the rest of my life, I feel that money alone does not satisfy me."

Still, there was another aspect to her life. An intelligence source familiar with her case says: "After her husband's death, Pak Kyong-yun often visited developing countries in Southeast Asia to sell an internationally patented machine to extract oil from rice bran. She had little success in the Philippines, then went to China and, from there, to North Korea. While it is unknown how she became a socialist, it was for her business interests that Pak Kyong-yun developed her channel with Pyongyang. That is about all there is to it."

Pak Kyong-yun, who opened tourist firms in Hong Kong and Beijing in the mid-1980's, met Pak Chong-kun in Beijing. She established the Mt. Kumgang International Trade Development Company in Pyongyang in July 1988. And by adding tourist and banking firms to it subsequently, she created the Mt. Kumgang International Group. The group received Kim Chong-il's support as a Lodestar Company.

Her first business was to open a Hong Kong-Shenyang-Pyongyang chartered airline. Trial runs were made but the airline did not materialize after all. Then she opened a Nagoya-Pyongyang direct airline service in April 1991, but it was soon discontinued because of the North Korean nuclear issue. Her rice transaction with South Korea's Chonchi Trading Co. was also suspended

after dealings were completed on the first 100,000 tons of the contracted 500,000 tons.

Pak Kyong-yun worked on a few other business plans but they proved mostly unsuccessful. In November last year, as Kim Tal-hyon and other members of the Kim Chong-il economic power line were driven into a tight corner, her credibility also suffered. Some observers say that she is no longer among the influential.

Her success, a minor one, came when she opened the Taipei office of the Mt. Kumgang International Trade Development Company in October 1992 with the help of the Taiwan International Trade Association. She made a premature political remark at the time relating to the opening of trade missions between North Korea and Taiwan, causing criticism among people concerned. Her Taiwan connection was based on her old friendship with Sung Meiling, the widow of the late Chiang Kai-shek.

According to her own description, Pak Kyong-yun "loves lobbying and is capable." She sees North Korea as "the final destination of my journey" and says she will "sow the seeds of confidence-building between North and South Korea." Evidently, she is again in the spotlight with the debut of the Kim Chong-il leadership.

DPRK Promotes Winter Tourist Package

SK0311025394 Seoul YONHAP in English 0207 GMT 3 Nov 94

[FBIS Transcribed Text] Bangkok, Nov. 3 (YONHAP)—In an unusual development, North Korea is inviting winter tourists here despite limited use of hotel heating systems due to a fuel shortage.

New Bangkok Travel Co., which arranges trips to the communist country with the help of the North Korean Embassy and Air Koryo, is advertising four eight-day North Korean tour programs, starting here Nov. 28 and Dec. 5, 12 and 19.

Every program covers Pyongyang, Kaesong, Panmunjom, and Mts. Kumgang and Paektu, with emphasis placed on Mt. Paektu, and costs 1,300 U.S. dollars per traveler including air fare, hotel fees on a twin-bed room basis and local sightseeing bus fares. Those using a single-bed room must fork over an additional 160 dollars.

Travel industry sources here termed it quite unusual for North Korea, which used to stop seeking foreign tourists in October, to continue inviting them until mid-December despite its severe oil shortage.

Yi on Defining N-S Trade as Internal Trade

SK0311083994 Seoul YONHAP in English 0806 GMT 3 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 3 (YONHAP)—Prime Minister Yi Yong-tok said Thursday the government is studying plans to include a passage declaring that

inter-Korean trade is tariff-free internal trade in the ratification instrument for the Uruguay Round accord to be deposited with the World Trade Organization.

Testifying at a parliamentary interpellation session on economic affairs, he remarked that the government doesn't consider it necessary to apply for recognition of internal trade by the General Agreement on Tariffs and Trade (GATT) because the UN Charter, which takes precedence over GATT rules, recognizes a divided country's right to self-determination and because the basic North-South Korean agreement defines inter-Korean trade as tariff-free internal business transactions.

Conditions Raised for Uruguay Round Approval

SK0311055694 Seoul YONHAP in English 0525 GMT 3 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 3 (YONHAP)—The main opposition Democratic Party (DP) is slowly moving to reconsider its stance on the government's plan to push the Uruguay Round accord through the National Assembly during its current session.

Although the DP still officially opposes parliamentary ratification of the multilateral agreement which the government signed earlier in the year, it recently came up with a new condition for endorsement.

This new condition is that the government must enact a law implementing the Uruguay Round pact in a manner that protects farmers from imported farm products, as the U.S. Government did, a big switch from its past demand that the government renegotiate the accord creating the World Trade Organization (WTO) as the overseer of the new global trade order it envisions.

This indicates that the party is shifting from "unconditional" to "conditional" opposition.

Heard in the DP's recent high-level policy meetings was the opinion that renegotiation is practically out of the question because the pact has already been signed by more than 100 nations, according to party sources.

Facing local elections next year, the party must have judged that conditional opposition with a demand for protection of farmers would do the party much more good than the unrealistic unconditional opposition.

Moreover, the DP must have taken into consideration the complaints of urban lawmakers that attaching too much importance to rural votes would result in a loss of urban votes.

In fact, the party is divided over whether the nation should subscribe to the new WTO system of global trade. Rep. Kwon No-kap, a supreme councilor of the party, recently acknowledged that there are two opinions on ratification of the WTO system, one against and the other for. He even said he would hold a seminar on this issue and reflect what was discussed in the party's policymaking process.

The opposition party showed a rather soft attitude toward the issue during parliamentary interpellation sessions on economic affairs earlier in the week. Of the six DP lawmakers who posed questions, only Rep. Yi Q-taek commented on the matter, calling for legislation to protect farmers in the execution of the Uruguay Round agreement and ratification after the United States and Japan do so.

Moreover, when Vice Trade, Industry and Energy Minister Pak Un-so stressed the need for a country like Korea, where foreign trade accounts for 51 percent of gross national product, to ratify the accord as soon as possible in his testimony, DP lawmakers showed little reaction. In the past, they would have risen up against him with a roar of protest.

There is still a slim possibility that the DP will change its position from "no" to "yes." It is also unlikely that the government will bow to the DP demand for a law protecting farmers in implementing the accord.

In view of current party developments, however, the DP, while sticking to its official position of opposing ratification, will not block the ratification process by force.

This attitude may change if the government tries to railroad the accord through the parliament after President Kim Yong-sam leaves for Indonesia to attend the Asia-Pacific Economic Cooperation (APEC) summit.

When the government deals with this issue, linking it to negotiations on the budget and state rice purchases, the opposition party may offer a tacit yes to the Uruguay Round pact because it may also want such a link under its parliamentary strategy.

Officials Cited on Agenda for APEC Summit

SK0311033094 Seoul YONHAP in English 0259 GMT 3 Nov 94

[By Yi Tong-min]

[FBIS Transcribed Text] Seoul, Nov. 3 (YONHAP)—South Korea will be looking to make a place for itself at this year's summit of the Asia-Pacific Economic Cooperation (APEC) forum, which is about to take shape after much ado.

President Kim Yong-sam will be among the heads of state and top economic officials from 18 member countries, including newcomer Chile, at Bogor, Indonesia, for the second APEC summit opening Nov. 15.

"If last year's summit was the presentation of a vision, a vision of open trade, then this year's summit is the first step toward actualizing that vision," said Kim Ui-taek, director of the Regional Policy Division at the Foreign Ministry.

The Bogor declaration, proposed by APEC's core strategy group and pushed hard by the United States, sets 2020 as the target to complete the creation of a free trade area in the Asia-Pacific.

Advanced nations will start from the year 2000 and finish the task by 2010, mid-level nations by 2015 and developing countries by 2020.

In order to enhance the forum, members are expected to adopt an "investment concord" to promote investment and settle disputes.

While Malaysia and China have reservations about the Bogor declaration, South Korea is a strong advocate of both the declaration and the investment concord.

The impact of these two "statements of will," as officials here call them, is anyone's guess. The region accounts for 40 percent of global production and whatever direction the members take will, to put it mildly, shake up the global trade order.

It is in this spirit that South Korea is eager to let itself be regarded as a key player.

Presidential aides say Kim will make a new proposal at the APEC summit to hasten regional unity and development.

Kim is expected to propose an Asia-Pacific high-speed telecommunications network and links among the communication ministers of APEC members.

The proposal will include visa waivers among all APEC member nations, aviation agreements, and regular hosting of cultural and trade shows, according to the aides.

In addition, Kim may announce his country's bid to host the 1997 APEC summit, according to the aides.

"The beginning is the most important stage," said another Foreign Ministry official. "We don't want to lose the momentum in APEC. This is the most crucial time for South Korea to display and secure its involvement by becoming the link between developing and advanced members."

Kim will meet with the leaders of the United States, China, Canada and Japan while at the summit and discuss the latest developments in the North Korean nuclear issue. He will seek their support for South Korea's bid to gain a non-permanent seat on the UN Security Council and the director-generalship of the WTO, additions to his diplomatic tasks.

His APEC schedule is boosted by separate visits to the Philippines, Indonesia and Australia. Boasting an unusual makeup of his entourage, the president included some 60 businessmen from conglomerates and smaller companies to show his desire for stronger economic relations with these countries.

These three nations promise potential in industrial technology cooperation, resources development and construction. Having the president go there and address economic relations at the top level will provide a spiritual lift to private businessmen.

APEC is still in the making and, as officials say, the strategy is to set its feet down firmly in the shaping process. President Kim's participation in this year's summit is another step ahead toward the making of an Asia-Pacific trade order.

Li Peng Visits Hyundai Companies in Ulsan

SK0311123694 Seoul YONHAP in English 0713 GMT 3 Nov 94

[FBIS Transcribed Text] Ulsan, South Kyongsang Province, Nov. 3 (YONHAP)—Chinese Prime Minister Li Peng toured Hyundai Motor and Heavy Industries Cos. in this southeastern industrial city early Thursday to inspect operations and discuss expanded business cooperation between the giant Hyundai Group and China.

Li arrived at the Hyundai motor factory around 10 AM and was met by Chong Se-yong, chairman of the Hyundai Business Group, in front of the plant's main entrance and then attended a welcoming ceremony.

Chong said in a welcoming address: "I hope that Hyundai will be given chances to contribute to the openness and reform policies which the Chinese Government is pursuing and promise that Hyundai will actively cooperate (in such policies) by taking advantage of the technologies and experiences it has accumulated in the country and abroad."

The Chinese premier then inspected production lines for Elantra sedans and the driving test site of the country's largest automaker, guided by Hyundai Motor President Chon Sung-won.

He moved later to Hyundai Heavy Industries to make inspection tours of an engine plant and a liquefied natural gas carrier under construction for about 50 minutes.

The Chinese prime minister had lunch with Chong Chu-yong, Hyundai group honorary chairman, at a company reception hall before talking to the honorary chairman and other Hyundai officials for about two hours on ways to expand business cooperation between the group and China.

Li was accompanied by Vice Premier Qian Qichen, minister of the State Planning Commission Zhou Jinhua and 91 other Chinese officials and businessmen.

The prime minister is scheduled to fly to the southern resort island of Cheju Thursday afternoon to relax, followed by a press conference Friday morning that will conclude his trip to South Korea, according to government sources.

He is expected to express the Beijing government's position on expansion of economic and cultural cooperation between South Korea and China during the press conference.

Li will attend a dinner hosted by Cheju Governor Sin Ku-pom Thursday evening.

The Chinese premier will tour a botanical garden on Cheju after the press conference Friday morning before attending a luncheon hosted by Daewoo Group Chairman Kim U-chung. He will leave for China Friday afternoon aboard a special flight.

Cheju-Embassy in Japan Communication Line Planned

SK0111020994 Seoul YONHAP in English 0202 GMT 1 Nov 94

[FBIS Transcribed Text] Cheju Island, Nov. 1 (YONHAP)—Cheju Island will install an exclusive communication line linking its office of international relations and trade cooperation with the Korean Embassy in Japan this month to collect information on the Japanese market situation and trading structure to boost exports of its agricultural, stock and marine products to that country, a Cheju official said Tuesday.

The installation of the line was made possible when Cheju Governor Sin Ku-pom visited Korean Ambassador to Japan Kong No-myong in Tokyo last month and requested his assistance on the matter. The governor judged that in order to activate the province's economy in light of the Uruguay Round accord, it is important to get a handle on trends in the Japanese market.

Cheju Island will make use of the exclusive line to gather information on markets, the economy and administrative trends there from embassy officials, while linking it with Japanese buyers to further exports of its products, the official said.

President Plans Trip to Philippines, Australia

SK0311023394 Seoul YONHAP in English 0140 GMT 3 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 3 (YONHAP)—South Korean President Kim Yong-sam will attend the Asia-Pacific Economic Cooperation (APEC) summit which opens in Indonesia on Nov. 15, Presidential Spokesman Chu Ton-sik announced Thursday.

Kim is also scheduled to make official visits to two neighboring countries before and after the APEC summit, starting with the Philippines from Nov. 10-12 and then Australia from Nov. 16-19 after his Nov. 12-16 stay in Indonesia.

Kim will meet with other APEC leaders including U.S. President Bill Clinton, Chinese President Jiang Zemin and Japanese Prime Minister Tomiichi Murayama as well as take part in intensive talks on practical economic cooperation among member countries.

During the summit at the Bogor Palace, President Kim will deliver a speech concerning free trade within the APEC region.

One day before the summit opens, President Kim is scheduled to meet separately with these leaders for wide-ranging consultations on promoting political and economic relations. He will also meet Canadian Prime Minister Jean Chretien.

Kim's meetings are sure to draw attention as they will come amidst a new order in Northeast Asia in the wake of the U.S.-North Korean agreement on restructuring Pyongyang's nuclear program.

Meanwhile, the presidential spokesman asserted that Kim's visits to the Philippines and Australia will help open up a new horizon for the country's diplomacy.

In Manila, Kim will meet with President Fidel Ramos and discuss practical bilateral cooperation in construction, Science and Technology.

Apart from the APEC summit, Kim will meet Indonesian President Suharto in Jakarta for talks on promoting diplomatic and economic ties, including the joint development of Indonesian natural resources and South Korean participation in infrastructure projects.

After the summit in Indonesia, Kim flies to Australia for talks with Prime Minister Paul Keating on issues of mutual concern and practical cooperation.

Government sources said Kim's trips to the two countries will enhance Seoul's role and status in the Asia-Pacific region by strengthening ties with Manila and Canberra.

In particular, his tour will contribute to peace and stability on the Korean peninsula by expanding other countries' support for improved inter-Korean relations and a complete settlement to the nuclear issue.

Twenty-two businessmen will accompany Kim to the Philippines, 29 to Indonesia and 11 to Australia in consideration of growing competition with the advent of the World Trade Organization (WTO).

Accompanied by the first lady, Son Myong-sun, Kim will depart on Nov. 10.

North Ship Barred From Docking at Manila Harbor

SK3110033894 Seoul YONHAP in English 0204 GMT 31 Oct 94

[FBIS Transcribed Text] Bangkok, Oct. 31 (YONHAP)—Philippine authorities have refused permission for a North Korean freighter anchored in Manila harbor to dock as President Kim Yong-sam's visit to the Philippines is just a few weeks away, a diplomatic source in Manila said Monday.

The freighter "Mudubong" anchored 200 meters from the shore in South Manila harbor on Oct. 23 with 44 crew members aboard, but the vessel has not been given approval to land by Philippine maritime authorities, according to the source.

Officials at the South Korean Embassy in Manila earlier expressed concern to the Philippine Government about the presence of the North Korean freighter, recalling the 1983 Rangoon tragedy in which 17 top-level South Korean Government officials, accompanying then-President Chon Tu-hwan, were killed by explosives planted by North Korean special warfare agents. The agents committed the terrorist act after sneaking into Rangoon aboard a North Korean espionage vessel operating in the Indian Ocean that entered Rangoon harbor a few days prior to President Chon's arrival there.

Two North Korean terrorists, Chin Mo and Kang Minchol, who planted the explosives were sentenced to death by Burma's Special Court, and Burma severed diplomatic relations with North Korea over the incident.

The freighter Mudubong, arriving in Manila harbor from India carrying foodstuff including beans, has reported to the Manila maritime authorities that it bears "non-sensitive" freight, according to the source.

On account of its inability to dock, the North Korean freighter will unload its cargo by barge and leave the harbor on Nov. 5.

The source added, however, that the vessel's crew may come ashore in Manila by canoe or boat. The South Korean Embassy in Manila is concerned about this possibility.

President Kim Yong-sam is scheduled to visit the Philippines from Nov. 10-12, prior to attending the Asia-Pacific Economic Cooperation summit forum slated for Nov. 15 at Bogor, Indonesia.

Pollack Fishing Quota in Russian Zone Agreed

SK3110095494 Seoul YONHAP in English 0601 GMT 31 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 31 (YONHAP)—South Korea's pollack quota in the Russian Economic Marine Zone has been set at 77,000 tons in 1995 for the second year in a row, the National Fisheries Administration said Monday [31 October].

Fisheries officials from the two countries agreed to the quota when the fourth South Korean-Russian Fisheries Joint Committee met in Moscow from Oct. 24 through 29.

The commercial quota was fixed at 55,000 tons and the Alaska pollack-sardine exchange quota at 22,000 tons, according to the administration.

The two countries also agreed that South Korean fishing vessels can operate in the West Bering Sea and off the southeastern part of the Kamchatka peninsula, with the fishing fee to be decided at working-level or private fisheries talks in the near future.

They will push for exchanges in the field of fisheries science between the national fisheries, Research and

Development Agency of South Korea and Russia's Pacific Research Institute of Fisheries and Oceanography.

At the committee meeting, Seoul complained that Moscow's restrictions on South Korean fishing vessels operating in its Economic Marine Zone are too severe, and the Russian side agreed to loosen them.

South Korea saw its 55,000-ton commercial quota and 22,000-ton Alaska pollack-sardine exchange quota for 1994 decided by the third South Korean-Russian Fisheries Joint Commission last November.

The operating area for this year was designated as the northern part of the Kuril Islands, the West Bering Sea and off the southeastern part of the Kamchatka Peninsula.

DLP Moves To Pressure Lawmaker To Leave Party

SK0311033194 Seoul YONHAP in English 0234 GMT 3 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 3 (YONHAP)—The leadership of the ruling Democratic Liberal Party (DLP) is apparently wanting to see Rep. No Chae-pong, who blasted President Kim Yong-sam's state administration and national unification and foreign policies, quit the party voluntarily.

DLP Secretary General Mun Chong-su met reporters Thursday and denounced No for improperly taking issue with the nation's sovereign power.

"As a lawmaker, he is entitled to have the nonliability privilege for his speech in the assembly, but it's doubtful whether he has the same privilege as a party member," Mun said.

He indicated the party may first try to persuade No to bolt voluntarily and then would oust him if he refused, saying that "we have to wait and see until after his self-reflection."

Another high postholder gave a similar response, adding that No should determine his future course of action if he is dissatisfied with the party leadership's line.

DLP Chairman Kim Chong-pil will apologize to President Kim Yong-sam at a Chongwadae meeting on party affairs Friday morning in connection with No's parliamentary speech.

Party sources said some clues may emerge at the Chongwadae meeting as far as settling the No issue.

However, No himself refuses to entertain any thoughts on voluntarily leaving the party.

Prosecution Continues Bridge Issue Investigation

SK0211051894 Seoul YONHAP in English 0504 GMT 2 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 2 (YONHAP)—The prosecution, continuing its investigation into the

Songsu Bridge collapse, has decided to call in Choe Won-sok, chairman of the Tong-A Business Group, for questioning soon, prosecution officials said Wednesday.

The officials said the prosecution has concluded that the bridge collapsed because its trusses were not connected strongly enough, the result of carelessness by Tong-A Construction Industrial Co.

Choe, who was president of Tong-A in 1978, fired the construction supervisor at an executive meeting in September 1978, dissatisfied that work was not proceeding rapidly.

After that, Choe allegedly instructed the new supervisor to shorten the construction period, an order that the prosecution plans to query him about.

It also intends to summon former Seoul Mayors Yi Won-chong and U Myong-kyu for questioning on whether they received reports on the bridge's perilous state in April last year when the danger was reported to the public road bureau of the city government. U was then vice mayor.

Meanwhile, the prosecution has arrested three Tong-A officials and another three Seoul city officials on charges of involuntary homicide.

Focus on Construction Firm Reports

SK0311033294 Seoul YONHAP in English 0304 GMT 3 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 3 (YONHAP)—The prosecution, probing the collapse of the Songsu Bridge, will call in former Seoul city Mayor Yi Won-chong Thursday afternoon for questioning on the precautionary steps he took to ensure bridge safety as city administrator.

The authorities have already asked that he appear voluntarily before the Seoul district prosecution by 2 P.M.

The prosecution will focus on whether the ex-mayor knew the contents of six reports submitted by Tongbu Construction Co. to the city's road department since last April, which warned of the possibility of the Songsu Bridge collapsing.

In addition, the prosecution will investigate what kind of safety measures he ordered after receiving instructions on special safety checks from the president and the premier and whether he confirmed them personally.

In case the mayor did not take appropriate steps despite the recognition of the bridge's perilous state, the prosecution will initiate judicial procedures on charges of accidental homicide arising out of duty.

For now, the prosecution plans to exclude just-ousted mayor U Myong-kyu, who was vice city mayor last April, from questioning.

If U is confirmed to have neglected his duty as vice city mayor in spite of Yi's instructions, however, he will also be called in and queried.

Meanwhile, the prosecution is collecting evidence and studying applying the law after deciding to summon sometime next week the chairman of Tong-A Construction Co., Choe Won-sok, who allegedly ordered the shortening of the bridge construction period.

Ruling on Chon, No Draws Mixed Reaction

SK2910025394 Seoul YONHAP in English 0239 GMT 29 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 29 (YONHAP)—Military officials reacted with disinterest to the prosecution's decision not to indict former Presidents Chon Tu-whan and No Tae-u Saturday, with some calling for them to apologize and others wanting to let them be.

The majority viewed the decision as expected while others called on the ex-presidents to act in the military spirit and admit their wrongdoings.

"They should act like military-bred men and apologize to the people that the military was wrong to interfere in politics," said one high-level official. "That way, the public will give support and affection to the military."

The prosecution has been investigating those connected with the Dec. 12, 1979, incident which ultimately led to the rise of Chon Tu-whan.

The prosecution concluded that the deeds committed by Chon Tu-hwan and No Tae-u, plus 27 others who took an active part in the incident, amounted to "rebellion" under the military criminal code.

However, the prosecution would not indict them in consideration of the contributions they made to the country.

"It's true that the two former presidents made the 1988 Seoul Olympics a success and accomplished economic stability," an official at the Defense Ministry said. "I hope that the prosecution's ruling will close the book on the dark past once and for all."

Another ministry official reacted indifferently. "What good would it do to recall those times when an internal conflict within the military led to bloodshed?" He wondered. "I don't care much about the prosecution's decision."

Corrupt Officials' Property Seizure Agreement

SK0311124894 Seoul YONHAP in English 0728 GMT 3 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 3 (YONHAP)—The government and the ruling Democratic Liberal Party (DLP) have agreed to expand the scope for confiscating property that public servants acquire illegally to the income earned from such property.

Under the agreement reached at a meeting Thursday, not only the property civil servants have obtained with bribe money or by other irregular means but also the profits accruing from such property, including increased values of the property or interest income therefrom, will be confiscated.

Attending the meeting were Justice Minister Kim Tu-hui and National Assembly Legislation and Judiciary Committee Chairman Pak Hui-tae, among others.

They also agreed to prepare a bill expanding the scope for seizing corrupt officials' property and push it through the assembly during its current sitting.

Property that civil servants acquire after taking bribes will be regarded as "unlawful income" open to seizure and public prosecutors will be empowered to provisionally seize such property even before they bring a case to court so that it cannot be disposed of before the court ruling.

Government Administration Vice Minister Appointed

SK0311125494 Seoul YONHAP in English 1034 GMT 3 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 3 (YONHAP)—The government on Thursday appointed Won Chin-sik, head of the office of planning and management, Government Administration Ministry, as vice minister of the ministry.

The 54-year-old career public official has been at the ministry ever since he joined it upon graduation from Korea University excepting a brief period in which he performed a temporary duty at Chongwadae [presidential offices].

His past duties at the ministry included head of organization planning division, director of the government computer center, and director of administration management and personnel bureaus.

Committee Calls Past Espionage Charges Frame-Ups

SK0111114594 Seoul YONHAP in English 1135 GMT 1 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 1 (YONHAP)—The Catholic Human Rights Committee claimed on Tuesday [1 November] that "considerable part of espionage cases announced in the periods of the past military regimes at times of political crises were frames-up."

The committee made the assertion in a press conference held at the Catholic Hall at Myong-tong, Seoul on inaugurating the "Catholic Committee for Delving Into Truth About Framed-Up Spies."

"The past military regimes sought to silence the people's resistance to them by announcing espionage cases, many of them invented, as part of programs to instill the sense

of anti-Communism and anti-North Korea into the minds of the people so as to harden their power base," a committee official said.

He said that about 36 victims of "espionage cases" framed-up in the periods of the Fifth and Sixth Republics are still serving "unwarranted" prison terms.

The official said his human rights committee made on-the-spot checks in Japan since August last year of things related to the espionage cases allegedly involving some Korean residents in Japan like Kang Hui-chol, Yi Chang-hyong, Son Yu-hyong and Sin Kwi-hyong.

"Our examinations showed there existed much possibility that the incidents were fabricated with false confessions obtained through tortures," he said.

For instance, the official said, charges related to the activities in Japan of Kang Hui-chol who is now serving at prison for visiting North Korea in 1986 and working for North Korea thereafter, have all turned out to be false.

"In this age of a civilian-led administration, there badly need activities to rescue the victims of invented espionage incidents, the scapegoats of the dictatorial regimes," Father Kim Sung-hun, a co-chairman of the new Catholic committee, said.

Report: Industrial Production Increases 8 Percent

SK0111110494 Seoul YONHAP in English 1047 GMT 1 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 1 (YONHAP)—South Korea's industrial production increased 8 percent in last September over a year before, the Statistics Administration reported Tuesday [1 November].

The report said the September rise was thanks mainly to the favorable performance of automobile, semiconductor and petrochemical.

Recovery from slump by such light industries as beverages, foods and plastics was also responsible for the brisk performance of manufacturing industries, it said.

The increase of industrial production in the third quarter of the year stood at 8.9 percent, a significant gain over last year's third quarter when it was 5.2 percent.

Yet, the third quarter performance unfavorably compares with those of the year's first and second quarters, 10.2 and 10.6 percent.

Owing to the brisk business, the operation rate of manufacturing industries increased from 78.1 percent in July to 80.3 percent in August and further to 83.6 percent in September, the statistics administration said.

Wholesale and retail turnover and the shipment of domestic consumption goods grew 7 and 7.3 percent,

respectively, last September over a year before, indicating that consumption activities were brisk influenced by the favorable business performance.

Almost full employment situation persists in the country as the unemployment ratio declined from 2.2 percent in August to 2.1 percent in September, the report said.

Posco Begins Building of Stainless Steel Mill

SK0311004494 Seoul THE KOREA HERALD in English 3 Nov 94 p 8

[FBIS Transcribed Text] Pohang Iron and Steel Co. [POSCO] broke ground for a second plant producing 420,000 tons of crude stainless steel annually at its Pohang Steel Mill Tuesday.

When completed in August 1996 as scheduled, POSCO's stainless crude steel production capacity will double to 840,000, a company spokesman said.

The project will cost the integrated steel mill 498.4 billion won, he said.

The planned second stainless crude steel plant will utilize the facilities of the first plant to the maximum. But the project calls for installing an electric arc furnace capable of producing 860,000 tons of crude steel, a refining furnace and other facilities.

The refining furnace will be capable of producing 200,000 tons of chrome stainless products, according to the spokesman.

The integrated steel mill will set aside 10.2 billion won for constructing facilities aimed at recycling such by-products as steel slugs for environmental preservation, he said.

Han Su-yang, a director at POSCO's stainless division, said the project will have an effect of substituting imports worth \$600 million, adding that the domestic demand for stainless steel is projected to reach 850,000 tons in 1995.

The project will raise the steel mill's share in stainless steel out of total steel production from 1.6 percent to 3 percent, a level similar to that of Japanese companies, according to the spokesman.

*** Tax Revisions Called Unsatisfactory to Business**

942C0220A Seoul SILMUL KYONGJE in Korean 31 Aug 94 pp 32-35

[By Kim To-hun, KIET researcher: "Planned Reform of the Business Tax System—Direction Improves, Real Benefits Inadequate"]

[FBIS Translated Text]

In a draft plan on tax reform recently released by the government, parts relating to internationalization of business tax system have been given a favorable reception as they showed improvement in

the direction. But critics say the reform is, in effect, still inadequate for substantially backing up business efforts for competitiveness in world markets. An analysis of the announced plan follows.

On 19 August the government released the "1994 Tax System Reform Plan (draft)" as considered and approved by the Tax System Development Deliberation Committee at its session the same day. The most important goals of the plan are to promote fairness of the tax burden and improve competitiveness of the nation's industries in world markets in the light of the changes generated by the enactment of the real name financial transaction system domestically and changes in international competition approaching with the start of the WTO [World Trade Organization] system.

Under the Plan, financial incomes that exceed 40 million won [W] will be subject to an aggregate tax effective 1996. The measure is favorably viewed as further enhancing the fairness of taxation, although the number of taxpayers involved will be extremely limited. Also, the rates for the capital gains tax, inheritance tax, and gift tax as well as individual income tax will be simplified along the levels of advanced nations. This change, basically, is also received favorably, for the same reason.

Meanwhile, the part relating to internationalizing the business tax system, which the government says is designed to enhance industrial competitiveness and meet the needs of the era of openness and internationalization, has been favorably received as moving toward improvement. However, critics say that it is seriously inadequate with regard to substantially backing up business efforts for competitiveness.

Let's take a look at the planned measures aimed at internationalizing the business tax system and practical effects expected of them.

Lowering Corporate Taxes to the Level in Rival Nations

One may say that the most important measure that pertains to business interests is, after all, a 2 percent cut in the corporate tax rate. For companies whose tax base exceeds W100 million, the rate on the amount in excess of W100 million will be reduced from 34 to 32 percent. The corporate tax was already lowered 2 percent last year in a supplementary measure linked to the real-name financial transaction system. Thus, the cuts over the three-year period will total 4 percent. This will be encouraging news to business circles. However, for firms whose tax base is less than W100 million, the rate remains at 18 percent, generating criticism that the Plan fails to give adequate breaks to small- and medium-sized enterprises.

As for the business environment, South Korea is known for its high wages, land prices, and interest rates. Because of these and other factors, it is seen as lagging not only behind advanced nations, but also behind Thailand, China, and Vietnam.

While our corporate tax rate is lower than those in advanced nations, it is higher compared to rates in rival nations such as Singapore, whose rate is 31 percent, and Taiwan, whose rate is 25 percent. The proposed measure would bring our rate down below the Singapore rate at least. Moreover, the government says that in the future it will lower the rate further, to Taiwan's level of 25 percent. When this becomes a reality, we will be able to compete on the same footing.

Measures To Prevent Revenue Cuts Reduce Effectiveness

While generally favorably received, the planned corporate tax cut is seen as inadequate for actually benefiting enterprises. Above all, one can see in the Plan itself that the government made a great effort to prevent the measure from triggering a decline in tax revenues.

First, with respect to the tax rate for public corporations, the Plan calls for a 25 percent rate on the taxable amount in excess of W100 million (currently this rate applies to the taxable amount in excess of W300 million). This means a sharp increase in the tax rate for taxable income within the W100-W300 million bracket, which is currently taxed at a rate of 18 percent.

Also, the Plan sets forth a 12 percent rate—the minimum rate under the current tax law—for cooperative associations which have been enjoying a lower 10 percent rate.

The Plan treats public corporations—which have been enjoying a preferential rate under the present system—the same as other corporations, showing a decision to eliminate preferential rates that are below the legal minimum. This, of course, is viewed as an effort to enhance fairness in taxation. Nonetheless, one cannot realistically deny that it adds to the tax burden on public corporations.

Second, the Plan envisages terminating the Temporary Investment Tax Credit Program at the end of this year. The program, designed to promote manufacturers' investment in plant and equipment, gives enterprises investing in domestically produced plant and equipment a tax cut equivalent to 7 percent of the investment (10 percent in the case of small- and medium-sized enterprises). Terminating the program will actually add to the tax burden of industries involved. Because the corporate tax cut is to take effect in 1996, while this increase in their tax burden is coming next year, this factor aggravates their situation even further.

Offsetting Impact of Reducing Policy-Oriented Financing Difficult

In the longer run, considering the anticipated gradual curtailment in tax breaks and policy-oriented financing, criticized by the United States and the European Union as a means of unfair aid for industry, and with the advent of the WTO era, it should be noted that the planned tax rate cuts are exceedingly low when compared to the impact from such curtailments.

If policy-oriented financing is cut by W1 trillion, and if the estimated interest rate difference between the market rate and the rate for policy-oriented financing is 5 percent, the decrease in aid will be W50 billion. Currently, policy-oriented financing amounts to W27 trillion to W38 trillion, and if it is curtailed, it will result in a W350 billion to W900 billion fall in aid.

Meanwhile, based on total corporate tax revenue, which totaled W5,800 billion last year, cutting the corporate tax rate from 32 percent to 30 percent will result in a tax reduction of approximately W360 billion. (The actual amount of reduction will be much smaller because the rate for the taxable amount below W100 million will remain unchanged.) Therefore, if the effects of curtailing policy-oriented financing are to be offset, the present tax rate has to be reduced by at least 7.5 to 10.5 percent. In the final analysis, only when the rate is lowered to 25 percent (a 7-percent cut), which is the government's goal, will it be possible to minimally offset the effects of cuts in policy-oriented financing. This means that the planned 2-percent cut in the corporate tax rate is definitely inadequate.

In addition, if there are other tax breaks are curtailed in the future, the aid for enterprises will continue to shrink. Such curtailments in policy-oriented financing and tax breaks will of course be gradual. However, considering that ultimately they will all disappear, it is believed that the government needs to find a new way of supporting business.

Flexibility Shown Over Depreciation Seems Efficient

The revisions to the depreciation system that are included in the Plan are viewed as most rational.

Until today, companies have been required to calculate depreciation of tangible fixed assets strictly in accordance with the complex rules governing useful life and by the declining-balance method or the straight-line method as provided by the tax law. In the future, however, the matter of useful life will be left up to the enterprise to decide. The useful life must be within plus/minus 25 percent of the standard useful life (the list of standard useful life itself is to be simplified from hundreds of categories to about eight to 15 categories). Also, in the case of machinery, the Plan allows enterprises to choose between the declining-balance method and the straight-line method, so that they have flexibility in their raising of funds.

Moreover, under the Plan, the residual value system—under which the government sees a certain residual, taxable value in assets that have been completely depreciated—will be discontinued to lighten the tax burden. Objects of the immediate depreciation system, allowing immediate expense processing, will also be expanded to make the depreciation system a more realistic one.

Furthermore, to encourage R&D activities, the Plan shows a drastic shortening of the useful life with regard

to depreciating equipment and facilities for research and vocational training purposes, which will strengthen effective support for the tax system.

On the other hand, in return for making the depreciation system more flexible and realistic, the Plan envisages abrogating the special depreciation system that allows accelerated depreciation of equipment and facilities for special purposes.

Acceptance of Business Accounting Principles Favorably Viewed

The difference in standards between the business accounting system and the tax accounting system has been a source of additional pressure, namely, the burden of tax adjustment expenses on enterprises and of additional administrative expenses on taxation authorities. To reduce the pressure, the Plan widely accommodates generally accepted principles of business accounting into tax accounting system. This change has been favorably received.

First, when there is a temporary difference in profits and losses between the tax accounting and the business accounting systems as at a time of profit-and-loss reversion, the Plan calls for adopting rational business accounting principles, except in cases where the business accounting system has to be excluded for unavoidable reasons. The measure goes a long way in reducing enterprises' tax adjustment expenses.

Also, in valuing assets and liabilities, the Plan: 1) accepts the business accounting method. Thus, an asset is valued based on its present value if its nominal book value and actual present value are different, as is the case with assets acquired through a long-term installment plan; 2) discontinues the system of evaluating fixed assets of enterprises on the basis of market value at the discretion of tax authorities. This system is not recognized except in tax law; and 3) will improve the method for evaluating stock assets, to be consistent with business accounting standards.

Shows Effort To Improve Business Environment

The Plan also shows traces of efforts to improve the nation's business environment.

First, for unlisted corporations with more than W5 billion in capital or with W10 billion in proprietorship, and for corporations affiliated with conglomerates, the Plan substantially eases the system of taxing excess earned reserves and exempting "reserves held for development purposes" from the taxation list. Currently a tax is applied to corporations when they choose to withhold

corporations profits beyond a specified level (50 percent of profits available for dividends or 10 percent of capital, whichever is larger).

Next, with a view to helping our businesses crack the world market, the Plan revises the foreign tax credit system. Under the current system, a foreign tax credit limit is established for a country in which the company is operating, and the company is not allowed to claim credits beyond that limit. According to the Plan, in the future the government will establish a comprehensive ceiling covering all countries so as to increase the real benefits of foreign tax credits. Even in cases where the foreign tax paid exceeds the established limit, the excess can be considered over the next three to five years.

Moreover, the Plan envisages drastic improvements in the treatment of listed corporations and registered over-the-counter corporations that have been subject to discrimination in the areas of excess earned reserves tax, dividends income tax, revaluation reserves, and the share of dividends for institutional investors.

Finally, with regard to foreign-invested enterprises located in the metropolitan area, which have thus far been excluded from various tax breaks, the Plan makes them eligible for benefits under the Foreign Capital Inducement Law in cases when their business involves strategic high technology. Thus, it actively seeks to help bring in foreign investment.

Tax Breaks Should Be Used as Means of Industry Support at Present

The 1994 Tax System Reform Plan (draft) is favorably viewed as having made a start in the right direction, because it makes efforts to substantially reflect in the tax law a variety of realities currently accepted in the market economy. More importantly, it shows a corporate tax cut that prepares for the coming rollbacks in aid to enterprises.

At the same time, however, there is criticism that the government, exceedingly on guard against possible shortfalls in tax revenue, is raising various buffers to dampen the effects of planned tax cuts—which are deemed inadequate even without such devices. The government's moves will make the tax reduction measure itself far less effective than expected.

Therefore, it is believed that, to prepare for future cuts in policy-oriented financing, an additional corporate tax cut should be implemented at an early date, and the present tax reduction and exemption system, which has been used very effectively to date as a tool to support industry, should be preserved for the time being.

Brunei, Malaysia & Singapore**Malaysia****Mahathir Interviewed on APEC, Ties With Japan**

*OW0211134894 Tokyo ASAHI SHIMBUN in Japanese
31 Oct 94 Morning Edition p 3*

[Summary of interview with Malaysian Prime Minister Mahathir bin Mohamed by ASAHI SHIMBUN correspondent Koji Takeuchi in Kuala Lumpur; date not given]

[FBIS Translated Text] Kuala Lumpur, 30 Oct—The following is a summary of an interview with Malaysian Prime Minister Mahathir.

Character of APEC

The Asia-Pacific Economic Cooperation [APEC] forum should turn itself into a trading block. I agree with the Clinton administration's "policy of attaching importance to Asia." However, it is wrong for the Clinton administration to aim at creating a "pacific community" because such a community would pave the way for the United States to establish trade relations with Asian nations while keeping nations from Europe and other regions from forging similar relations. I believe that leaders of governments in the Asian-Pacific region need not hold a summit every year. This year, however, I will attend the summit. The Seattle Summit held last year decided to hold the next summit in Indonesia and I will attend with the aim of seeing what other Asian leaders think of APEC.

APEC Trade Liberalization

APEC has a lot of problems in promoting the liberalization of trade as other regions have done. To cite an example, if the APEC member nations' financial markets are open, only economic powers can reap profits in economically weak nations in the region, which has made our nation cautious about opening its financial market. Indonesia is eager to set a target year for opening its financial market, but that is that country's plan. We have our own concerns. We have no intention of setting a specific year for opening our financial market.

EAEC

The East Asia Economic Caucus [EAEC] is a consultative body within APEC. It has been said that I am opposed to APEC, but that is wrong. My position has not been fully understood in Japan. It is undesirable for Japan to put Asia's interests under its thumb. If Japan decides not to join the EAEC, we have no choice but to go ahead with our plans to promote the EAEC anyway.

China Issue

China will become an economic superpower if it remains politically stable. For the time being, China will maintain a centralized totalitarian political system. I believe

that no dramatic turmoil will occur in China as long as it is not instigated. China has patiently dealt with relations with Taiwan. China should resolve problems regarding Taiwan through dialogue as it did with Hong Kong and Macao.

European Protectionism

Protectionism is pervasive in all of Europe. European nations have said that Malaysia dumps television sets at unfair prices. TV prices are higher in Malaysia than in European nations because taxes are imposed on TV sets sold in Malaysia. Moves are afoot to link such social problems as labor environment to trade and the moves are based on protectionism.

Yen-Denominated Loans

Yen-denominated loans are attractive because they carry a low interest rate. The yen's appreciation has doubled the yen's value against our nation's currency and our nation will have to pay back twice the yen-denominated loans that it borrowed. We have asked Japan to write off part of our yen-denominated loans, but Japan has rejected our request. I appreciate Japan for extending the loans to our nation. However, my view is that Japan should discontinue the loans to our nation if they do not serve our nation's interests.

Japan's Post-War Issue

I think it is not right to argue that Japan did not start a war of aggression. Our nation has no intention of digging up Japan's past for 50 or 100 years. Malaysia wants to talk with Japan about the future. Malaysia wants to talk with Japan about how Japan can cooperate with Malaysia. Japan has not sought to transfer technology to Malaysia and import goods from Malaysia. I hope that Japan will change that attitude.

Japan's Bid for a Permanent Seat on the UN Security Council

I support Japan joining the UN Security Council as a permanent member. As a nation that sent troops to Cambodia in the past, Japan cannot say that it cannot dispatch troops to Bosnia. Japan should fulfill its responsibilities to the entire world.

"Look East" Policy

There is no change in our "Look East" policy. I want to make it clear that our "Look East" policy does not aim only at Japan. We still have many things, such as management skills and production technology, to learn from Japan; but we also have other things to learn from South Korea, China, Taiwan, and Singapore.

Cambodia**KR Accuses U.S. of Shipping Arms to Government**

BK0311015894 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 2 Nov 94

[FBIS Translated Text] The United States and the alliance have sent weapons to the two-headed government

for the continuation of the aggressor communist Vietnamese's war to kill the Cambodian nation and people and threaten regional peace, security, and stability.

1. On 26 October, a 20,000-ton U.S. liner shipped 100 tanks, ammunition, and assorted weapons to Kompong Som port. This is clear proof that the United States has sent arms for the launch of the 17th dry-season offensive in Cambodia against the Cambodian people and Democratic Kampuchea. It is also clear proof that the United States is waging war in Cambodia for the second time.

2. On 29 October, another Soviet liner with a 12,000-ton capacity brought (?trucks), ammunition, and weapons of all calibers to Kompong Som port. These weapons, bought by the United States and the alliance, had been used by the former Soviet Union in the Warsaw Pact, Eastern Europe.

The recent statement by Admiral Richard Macke, commander in chief of the U.S. Pacific Command, saying the United States would provide arms aid to the two-headed government is a revelation. It also buttresses the facts behind Clinton's proposal to Thailand for the U.S. to ship arms through Thailand and to set up an arms depot in Thailand.

The Cambodian nation and people and peace- and justice-loving countries near and far across the world will not stand idly by to allow the alliance headed by the United States, Australia, and France together with the two-headed government and communist Vietnam to kill the Cambodian people and exterminate the Cambodian race. We will definitely not allow the alliance headed by the United States, Australia, and France to jeopardize peace and stability in this region.

Khmer Rouge Demand Halt to 'Alliance' Policy

BK0311054794 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 2 Nov 94

[Open letter of the Provisional National Commission against the second U.S. war of aggression in Cambodia to the American, French, and Australian peoples; dated 25 October—read by announcer]

[FBIS Translated Text] According to reliable sources, the U.S., French, and Australian Governments have continued to send military personnel and experts to help the two-headed government, bringing in Russian tanks and artillery pieces from the member countries of the former Soviet Union's Warsaw bloc for the two-headed government to carry on the aggressor communist Vietnamese's war.

This is all part of their hidden policy to oppose the Cambodian nation and people and join hands with communist Vietnam to exterminate the Cambodian race. Will they succeed in their attempt to exterminate the Cambodian nation and people?

Despite all sorts of assistance given by the alliance, the United States, France, and Australia, the two-headed government is weakening and falling apart with each passing day in both the military and civilian fields. The two-headed soldiers have kept deserting their ranks in dozens and hundreds, being unhappy with their commanders, who are corrupt, embezzle their salaries, and starve their wives and children at home. The parents, wives, and children of the two-headed soldiers are also calling on their sons, husbands, and fathers to return home to earn a living for their families.

The Cambodian people from all walks of life, including students, pupils, and the broad masses in Phnom Penh, are launching activities against the two-headed elements so as to drive them out of their seats for their war-mongering, opposition to national reconciliation, and arch-corruption. This movement is being intensified both in the countryside and in the cities; nothing can resist it.

Although it is backed by communist Vietnam and the alliance, the two-headed government can do nothing. It is like a corpse awaiting for burial. This is widely known. The people say nobody can salvage the two-headed government because it is totally corrupt and has no support from the people.

Therefore, the U.S., French, and Australian governments will definitely fail in their policy to eliminate the Cambodian national forces and manage the fate of the Cambodian nation and people at will. On the contrary, this policy will only bring losses to the Cambodian nation and people and the American, French, and Australian peoples.

The Provisional National Commission against the second U.S. war of aggression in Cambodia would like to appeal to the American, French, and Australian peoples who cherish peace and justice to stop the three governments from carrying out this criminal activity in Cambodia and to help the Cambodian people regain peace and national reconciliation. This will benefit both the Cambodian nation and people and the nations and peoples of these three countries.

Phnom Penh, 25 October 1994

The Provisional National Commission against the second U.S. war of aggression in Cambodia

Australia Condemns Khmer Rouge on Hostages

BK0211142794 Hong Kong AFP in English 1404 GMT 2 Nov 94

[FBIS Transcribed Text] Phnom Penh, Nov 2 (AFP)—Australian Foreign Minister Gareth Evans offered his deepest sympathies to the family of David Wilson and his two travelling companions who were murdered by the Khmer Rouge in southern Cambodia.

"I wish to express my sincere condolences and deepest sympathy to the family of David Wilson who, it is now confirmed beyond reasonable doubt, has been murdered

by the Khmer Rouge in Cambodia," a statement from Evans released Wednesday by the Australian embassy here said.

Evans also extended his condolences to the families of Briton Mark Slater and Frenchman Jean-Michel Braquet who were seized along with Wilson in a bloody train ambush July 26 and were executed by their Khmer Rouge captors in late September. Evans said Wilson's family "will find it difficult to understand why their son and brother has been killed so senselessly."

"I share their grief and outrage at this barbaric and pointless act," he said, adding: "Responsibility for these deaths rests squarely with the Khmer Rouge."

The Cambodian people have suffered at the hands of the Khmer Rouge for years, Evans said. It was regrettable that it has taken the recent tragic deaths of young foreign tourists "to bring home to many outside Cambodia the brutal lengths to which the Khmer Rouge will go in their attempts to destabilise the country," Evans added.

Ranariddh Vows To Punish Killers

BK0311054594 Hong Kong AFP in English 0526 GMT 3 Nov 94

[FBIS Transcribed Text] PHNOM PENH, Nov 3 (AFP)—Co-Premier Prince Norodom Ranariddh pledged Thursday that the Khmer Rouge guerrillas who kidnapped and killed three foreign tourists in southern Cambodia would be brought to justice.

"The assassins will be tracked down, arrested and punished," he told reporters at Phnom Penh airport after returning from visits to Beijing and Singapore.

Asked whether Chhuk Rin, a recent Khmer Rouge defector rewarded with a commission in the Cambodian army, would face punishment, Prince Ranariddh did not answer directly but noted: "When he deserted, we were not yet aware of these assassinations."

He listed shadowy Khmer Rouge leaders Pol Pot and Ieng Sary—who have not appeared in public for years—and nominal leader Khieu Samphan, who has negotiated with Phnom Penh in the recent past, as being targeted by the government.

Australian David Wilson, 29, Briton Mark Slater, 28, and Frenchman Jean-Michel Braquet, 27, were abducted on July 26 when guerrillas ambushed a train in Kampot province, and were killed by their captors two months later. Their bodies were recovered Wednesday from shallow graves on Phnum Voar (Vine Mountain), in southern Kampot province, near the camp where they had been held by Khmer Rouge general Nuon Pet and his lieutenants, including Rin.

Prince Ranariddh expressed his "deep distress" at their deaths, saying the government had done its utmost—agreeing to pay a ransom, holding off on a planned offensive—to obtain their release.

Asked whether Cambodia would be seeking more foreign military aid, the prince said it was not necessary. "We need a few weapons to contain the Khmer Rouge. (But we) mostly need the means to develop this country and to combat poverty, the only war worth waging here."

However, Australia on Thursday announced plans to help train the Cambodian army to fight Khmer Rouge, and called on other countries to follow suit.

Foreign Minister Gareth Evans said it became clear after Khmer Rouge successes in April there was dissaray in the Cambodian armed forces which had been "responsible for the military disasters." The international community must help Cambodia, he said, not only by continuing development aid.

Ranariddh declined to comment on a statement released by his father, King Norodom Sihanouk, in Beijing, which encouraged tourists to avoid Cambodia because of security problems. But, he remarked that tourists visiting Phnom Penh and the Angkor temple complex near Siem Reap were safer than if they were walking the streets of cities such as Los Angeles, New York and Bangkok.

His father, he said, was "very, very affected by the death, the assassination, the vile execution of the three hostages." King Sihanouk, who has been receiving medical care in Beijing, is expected to return to Cambodia in late January or February. "There is no trace of cancer left. It is truly a miracle," Prince Ranariddh said.

Indonesia

Government Rejects U.S. Request for Arms Depot

BK0211153094 Hong Kong AFP in English 1022 GMT 2 Nov 94

[FBIS Transcribed Excerpt] Jakarta, Nov 2 (AFP)—Senior officials in Jakarta said Wednesday that Indonesia would provide no home for US bases after Thailand reportedly rejected a similar request from an American admiral.

"It is clear that we do not want any foreign military base in our homeland, whatever form it takes," State Secretary Mardiono said after attending a monthly cabinet meeting on the economy.

"From early on, we have said that there is no need for foreign military bases in Southeast Asia," Foreign Minister Ali Alatas said later Wednesday.

Mardiono and Alatas were asked about speculation that the United States might seek Indonesia's permission to station military ships or floating bases in Indonesian territory. [passage omitted on U.S. request to Thailand]

Alatas said that Jakarta has not received a similar request from the United States, adding he believed Washington was fully aware of Indonesia's foreign policy principles.

Indonesia believes that a US presence in Asia was necessary to balance the presence of three other major powers in Asia—China, Japan and Russia, he said. But “this does not mean that the presence of America should be in the form of a physical military presence in Southeast Asia,” Alatas said.

He said that Jakarta had welcomed the decision by the United States to pull out of its military bases in the Philippines in 1991 and 1992 as “logical” in the current climate of peace in the region.

U.S. Efforts To Link GSP, Labor Issues Rejected

BK0311105594 Jakarta THE JAKARTA POST in English 28 Oct 94 p 1

[FBIS Transcribed Text] Jakarta (JP)—Coordinating Minister for Economy and Finance Saleh Afiff yesterday challenged the United States over the possible termination of its Generalized System of Preferences [GSP] to Indonesia in their continued efforts to tie trading privileges to labor issues.

After addressing a one-day seminar organized by the Association of the Indonesian Economists (ISEI), Saleh told reporters that the U.S. currently imposes a number of requirements on Indonesia to qualify for the GSP facility.

“One of the conditions, which I see as strange, requires Indonesia to improve the protection of its worker rights. If the terms of the GSP are too difficult to meet, we are better off forgetting the facility,” Afiff said.

Indonesian exports enter the American market duty free under the GSP statute and amount to approximately U.S.\$620 million a year.

Last year the U.S. government threatened to revoke trading privilege unless Indonesia improved its labor conditions. Despite its decision last February to suspend its investigations of Indonesian labor policies for six months, the U.S. has yet to make a decision with regards to the GSP.

The Indonesian government has repeatedly stated that it will reject any economic aid or trade privileges which are tied to non-economic issues, such as human rights and environmental issues.

“After all, the proportional role of our exports under GSP to our total exports is very small,” Afiff added. Indonesian total exports last year amounted to U.S.\$36.8 billion. He said that the Indonesian products exported under the GSP statute were generally not competitive on the world market.

As a signatory to the new General Agreement on Tariffs and Trade (GATT), Indonesia should better prepare its export-oriented enterprises to live without the GSP as the condition will be phased out beginning next year regardless.

UN Representative on Granting Permanent Seat

BK0211141694 Jakarta ANTARA in Indonesian 0843 GMT 2 Nov 94

[FBIS Translated Excerpt] The United Nations, New York, 1 Nov (ANTARA)—Until now, Indonesia has not yet made a decision about becoming a permanent member of the United Nations Security Council (UNSC), but it is willing to be nominated if so requested.

Speaking to the press on Tuesday [1 November] afternoon in New York, Nugroho Wisnumurti, the permanent representative to the United Nations said: “I think we are ready if the international community makes a proposal. Previously, we did not campaign for the leadership of NAM (Nonaligned Movement).”

He made the statement when asked by newsmen to present his views in connection with a recent report by UN Correspondent Barbara Crosette who wrote in “THE NEW YORK TIMES” that Indonesia is qualified to become a permanent member of the UNSC. [passage omitted]

Presenting several criteria, several countries believe that Indonesia is truly interested in becoming a permanent member of the UNSC, but that it has yet to make a formal submission.

Most UN members feel that the issue of restructuring, including expanding the number of permanent and non-permanent members in the UNSC from the current 20 to 25, can be settled during the organization’s upcoming 50th anniversary next year.

Nugroho was uncertain if the issue can be fully settled by next year, taking into consideration the complexity of the problem and other United Nations member countries’ interests. [passage omitted]

The permanent representative said: “The NAM, with its 111 members, also desires that the number of permanent representatives in the United Nations be increased and that developing nations be properly represented by their members.”

However, the permanent representative expressed regret that developing nations have not harmoniously voiced the issue of increasing the number of permanent representatives.

Editorial Discusses Membership in UN Council

BK0111070994 Jakarta REPUBLIKA in Indonesian 24 Oct 94 p 6

[Editorial: “The Republic of Indonesia’s Burden in the UN Security Council”]

[FBIS Translated Text] The 49th anniversary of the United Nations, which falls on 24 October, is of special significance, particularly for Indonesia. Last week, Indonesia was elected as a non-permanent member of the UN

Security Council [UNSC] for the 1995-1996 term, winning the support of 164 members out of the 170 members present. Indonesia is to replace Pakistan as Asia's representative. The other nations, which were also elected as non-permanent members, are Germany and Italy (representing Europe), Honduras (the Americas), and Botswana (Africa).

This is not the first time that Indonesia has been elected as a non-permanent member of the UN Security Council. Over 20 years ago Indonesia was also elected as Asia's representative in the UN Security Council for the 1973-1974 term. In fact, Indonesia stood a strong chance of being reelected in 1992 after it assumed the chairmanship of the Nonaligned Movement [NAM]. However, Indonesia gave away the chance to Oman and Pakistan.

What is the significance of Indonesia's election as a non-permanent member of the UN Security Council? The greatest significance is that Indonesia has once again won international trust. Two years ago, Indonesia was elected as chairman of the NAM, which has over 150 [as published] member nations. As chairman of the NAM, Indonesia has been coming out with constructive ideas. Now that Indonesia has been elected as a non-permanent member of the UN Security Council, our diplomatic position in the international arena will become stronger. However, Indonesia's burden in the international diplomatic arena will simultaneously become heavier. With this position there will be at least two challenges which will need to be overcome with some adroitness.

First, the United Nations, which has been in existence for 49 years, has been criticized by various nations, particularly from the Third World, over the UN Security Council's role in overcoming international conflicts, because the UN Security Council has often given priority to Western interests in making decisions. Thus, there have been calls for the United Nations to be restructured. A similar proposal was also recommended by the NAM summit in Jakarta two years ago.

Now, how can Indonesia as a non-permanent member of the UN Security Council raise the proposal? Obviously, this is not an easy matter. A non-permanent member is far weaker than a permanent one, which has a veto power. In addition, organizationally speaking, a non-permanent member cannot field its own agenda because the UN Security Council has a global agenda. Thus, Indonesia as a representative of Asia, the NAM, and the Third World in general will be challenged to lobby [preceding word in English] internationally for constructive ideas so as to enhance the international role of the United Nations.

Second, there will be greater attention to Indonesia's domestic matters, particularly the implementation of human rights, in line with Indonesia's enhanced diplomatic position in the international arena. Indonesia will be able to counter the reports, which are partly untrue, thanks to its stronger international position.

On the other hand, we must however be able to prove to the international community that the implementation of human rights in Indonesia is not as poor as currently charged. This means that the Indonesian authorities must continue to improve the implementation of human rights at home.

Based on our experience, we are confident that we will be able to adroitly overcome the two challenges.

Editorial Outlines Democratization of UN

BK0311070394 Jakarta SUARA PEMBARUAN in Indonesian 24 Oct 94 p 2

[Editorial: "The Restructuring and Democratization of the United Nations"]

[FBIS Translated Text] Indonesia has a significant event to record on or around 24 October: UN day, that is, Indonesia's election as a non-permanent member of the UN Security Council.

With Indonesia's election as a member of this important—if not the most important—body, we expect to play a more active role in the council's activities, especially regarding the issues or agenda of the New York-based organization. The UN Security Council's agenda is focused on three main issues: the restructuring, revitalization, and democratization of the United Nations.

In 1995, on the same day as today, when the UN commemorates its half-century anniversary, it is hoped that all three issues will be in the process of being implemented and progressing well. Although the 50th year of the world organization is only one year ahead, everyone acknowledges that the UN has proved its capability in preventing bloodshed in several corners of the world and settling differences between nations and conflicts throughout its 49 years of existence. The UN has created a good atmosphere and an improved condition in the world as it now is.

We have to admit that all the praise for the UN roles must go to the mechanism and work of the Security Council, which has received the mandate from the UN to protect and maintain peace and stability in the world. Despite its shortcomings and weaknesses, we feel unanimously that without the UN and the mechanism of the UN Security Council, the state of the world would be worse than it now is. In other words, the ideas of the UN founding fathers for a more effective organization capable of preventing wars such as the two world wars in the tradition of its predecessor organization (the League of Nations) were at least reflected in the easing of the Cold War.

There are two main issues that are related to the demand for the restructuring, revitalization, and democratization of the UN Security Council. The first is the Security Council membership and its working mechanism. The second is the existence and role of the UN peacekeeping force.

We often hear about the call for the UN to rearrange the Security Council so that it will not appear like a power structure [preceding two words in English] of the previous force. Historically, we know that the UN Security Council is comprised of five permanent members. They are the United States, Russia, France, Britain, and China (at first Taiwan), who are portrayed as the winners of World War II. Due to this, they have a special right on the world organization known as the veto right.

Now, with the changed world structure, there is a demand that the absolute right monopolized by the five countries be reconsidered. At the least, we often hear many countries expressing their wish to include Germany and Japan as two more permanent members of the Security Council. Simultaneously, the non-permanent members will have to be increased too so that the 184 UN member countries are fairly represented.

Both Germany and Japan were defeated in the last world wars; however, they have now become economic giants in the world due to the success of their economic development over the last two decades. Despite the general dislike for one of them, we can see that Germany and Japan have been very active in UN activities over the past five years.

We know that one or two of the permanent members of the Security Council will use all means to stop the issue from becoming a nagging request from the majority of the UN member countries. This is because they are not willing to share with the new members the special privileges accorded to the existing permanent members of the Security Council.

This is a very complex issue because it concerns exclusiveness as well as the UN Charter itself. However, we are confident that it is not something that the UN member countries cannot resolve.

This era demands a UN structure that is suitable to the current need, a revitalization of the UN which would step up its role and that of the Security Council, and the creation of a more democratic, and realistic atmosphere in the UN when distributing funds to member countries.

The issue of the UN peacekeeping force has become an interesting subject for debate following the release of UN Secretary General Butrus-Butrus Ghali's report in 1992 entitled: An Agenda for Peace [preceding four words in English]. The report clearly pointed out the UN's active policy in utilizing military force to overcome aggression in several places in the world. Many groups feel that the agenda has not been comprehensively settled, although in one or two cases, such as the Cambodian issue and the slaughter in Rwanda, the required results were achieved.

The lack of response and the slowness of reaction from the UN forces to crises are due to the complicated bureaucracy of the world organization itself. For example, there is no special force that has been allocated as a UN special task force for mobilization anywhere at

any time; the UN Charter on the forces (Section 2 Sentence 7) basically prohibits military intervention in other countries.

While waiting for the 50th anniversary of the UN next year, it is hoped that a UN Military Commando Staff and a rotating military contingent comprising soldiers from member countries can be formed. In this way, an appropriate number of UN military personnel could be dispatched immediately to any corner of the world when there is a need for UN military intervention there.

Editorial Views Human Rights Situation

BK0311104994 Jakarta KOMPAS in Indonesian 25 Oct 94 p 4

[Editorial: "The Human Rights Situation During the Second National Workshop"]

[FBIS Translated Text] A number of cases connected with the issue of human rights which were previously exposed have become national issues.

Among them are those related to the claim for compensation for land utilized for the Kedungombo and Nipah dams, the 1991 Dili incident, the murder of labor activist Marsinah, and the conviction of Pacah and Lingah for murdering the labor activist.

What significance will these cases have if human rights violations still persist? Concurrently, the emergence of these cases indicates that the people and the Indonesian Government are truly concerned with the human rights violations. Fair and just investigations have been conducted to correct the situation and take proper action against the perpetrators.

These cases have become the substance for comment and coverage by the mass media, nongovernmental organizations, and the people's representatives despite the actions or measures undertaken by the authorities to solve them.

In the case of the Kedungombo dam, the Supreme Court approved the residents' claims for compensation for their land. However, when the district authorities forwarded their claims, the Supreme Court issued a stay of execution order instead. That is the trend and the situation for dealing with issues of human rights in our country. There is an increasing awareness among the people with regard to such issues. However, supervisory follow-up actions and corrective measures are being taken. Yet, there are still considerations that need to be made.

If an evaluation is conducted, we can say that some progress has been achieved. Despite facing several obstacles in achieving such progress, we are however confident that more progress can be achieved. This is because of our ever increasing awareness, adroitness, and political aspiration regarding human rights. Progress is inspired where a nation shows transparency.

The establishment of the National Human Rights Commission indicates a progressive step undertaken by the country. When the commission began functioning, a multitude of complaints poured in from people in Jakarta and elsewhere throughout the country.

The people are aware of human rights, particularly regarding the question of land issues, political rights, freedom, injustice, and abuse of power.

People who are embroiled in such problems are determined to seek solutions to end them. Previously, they lodged their complaints with the House of Representatives, but from its inception, they have turned to the National Human Rights Commission. The commission deems it as its responsibility to solve these problems through guidance, consideration, and hope.

That is what we wish to record: the issues which reflect society's sensitivity toward human rights. Therefore, such an endeavor will directly produce a greater hope or desire toward the early resolution of such issues.

In fact, a controversy is being brought about by national development. People are becoming more alert. Society is becoming more competent. People are increasingly aware of their destiny and they hope to exist in a better situation—materially or status-wise—that is, in a more comfortable situation and position in society.

We have repeatedly pointed out that the people's well-being, which should be filled with justice, prosperity, equality and freedom, are the major objectives of independent Indonesia. Only under such conditions will there be a prominent Pancasila society. The values and conditions of human rights are enshrined in Pancasila.

The method of solving an internal or external issue is in itself a problem, particularly when the issue is a complex one. Concrete measures toward improving the country's economy and other sectors were formulated and implemented at a later stage.

Debates were conducted and, more importantly, plans or measures were implemented. Such a process has been carried out over the last 25 years with success. Unquestionably, there were also problems.

Due to this, the country is playing an important role through its administration and apparatus. If the people remained continuously dependent on the country's differences, then they would probably be backward. On the other hand, if the government's dominant role proved to be successful in making the people more progressive, then it would be sensible for them to demand greater progress because of such a dominant role.

However, such development had been anticipated. Non-governmental and other social organizations are being allowed to expand even though suspicions exist regarding their development. Among these organizations are ones which advocate human rights, such as the Legal Aid Bureau.

Human Rights has once again become the central issue at the second national workshop session, which was opened by President Suharto in Jakarta yesterday. The session was actually a forum for evaluations, considerations, and development. The forum was also aimed at reactivating political aspirations in respect of human rights and their implementation. A workshop concentrated on three issues. First, the ratification of the international instruments of human rights. It was agreed that Indonesia's participation in such an area is at a very low level.

Second, more efforts are needed to further spread the perception and education of human rights in the informal and formal sectors, including the mass media.

Third, priority needs to be given to implementing human rights, including within the non-derogable [preceding two words in English] categories, and it could be considered as contemptuous if implementation were prohibited, as efforts to eradicate poverty are involved.

Rice Returned by SRV Unloaded in West Sumatera

BK0311065594 Jakarta ANTARA in Indonesian 1809 GMT 2 Nov 94

[FBIS Translated Excerpt] Padang, 2 November (ANTARA)—As many as 11,260 metric tons of rice returned by a foreign borrower are being unloaded at Telukbayur Port in Padang.

Syafril Kahar, chief public relations officer of the West Sumatera Logistics Depot, said in Padang on Wednesday that the rice allocated for the West Sumatera Logistics Depot was transported by MV [Motorized Vessel] Kras Mo Kamsir and arrived in Padang at the end of last week. The unloading, which began last Sunday, is expected to last for one week if it does not rain. Syafril Kahar, however, said that it will be completed by next Monday.

Padang and its environs have been rainy since early this week although the rains have lasted only about one hour or two.

The chief public relations officer of the West Sumatera Logistics Depot added that the West Sumatera Logistics Depot will now have a stock of about 22,000 metric tons of rice following the arrival of the rice returned by Vietnam. The stock will be sufficient to support smooth market operations. [passage omitted]

Impact of Drought on Rice Production Detailed

BK0211141594 Jakarta MERDEKA in Indonesian 26 Oct 94 p 9

[FBIS Translated Excerpt] Bandar Lampung, Tuesday [25 October], MERDEKA—Nationwide, this year's paddy production is expected to fall 3.69 percent below the set target of 49,169 tons of husked rice—or about 46,404 tons—because of the long drought.

This evaluation was given by H. Amrin Kahar, director general of food production and horticulture, in Bandar Lampung on Monday at the opening of the coordinating meeting for the Technical Planning/Synchronization Program and the Development of Food and Horticulture Production Project.

During the meeting, he stressed the need to maintain rice self-sufficiency, which Indonesia has been able to do since 1984.

In connection with the Meteorological and Geophysics Department report saying the long drought will end in November, he stressed the need to cultivate land early for the 1994/95 planting season, particularly in the three provinces most affected by drought; namely West, Central, and East Java Provinces.

West, Central, and East Java Provinces—considered to be national production regions—have been more seriously affected by the long drought than other provinces.

He said: "Even though it is necessary to emphasize early preparation for the planting season in these three provinces, this does not mean that the other provinces that have been relatively less affected by the drought should slacken. They should anticipate another probable long drought in 1995."

The director general, who is also the secretary of the Central Social Guidance Board, stressed the need to learn from the long drought by taking into account the availability of water should similar circumstances occur in future years. He suggested several alternatives, such as keeping water reserves, utilizing underground water resources through small pumps, and cultivating suitable crops. [passage omitted]

Ir. [Engineer] Amirrudin Inoed, head of Lampung Agriculture and Food Affairs Department, said that the strategy of hastening cultivation is aimed at making up for the loss of paddy during the long drought period. He disclosed that 15,500 tons of husked rice have been lost during the long drought in 1994, and the total cultivation area fell from 95,000 hectares to as low as 12,000 hectares and is currently 12,225 hectares.

Lampung Province requires only about 1.4 million tons of rice, though, which means that the region is still self-sufficient in rice with a surplus of 219.82 tons of rice. [passage omitted]

Thailand

Further Reaction to Rejection of U.S. Request

U.S. Ties Not To Be Affected

BK0211143694 Bangkok Thai Color Television
Channel 9 in Thai 1200 GMT 2 Nov 94

[FBIS Translated Text] The Army commander has said that the rejection of the U.S. request to set up an arms

depot in Thailand will not affect Thai-U.S. relations. Army Commander General Wimon Wongwanit said the prime minister's decision on this issue is correct on the grounds that nobody wants war to erupt in this region:

[Begin Wimon recording] Nothing; its impact will be that interregional relations will be better because we will not have any suspicions of each other. [end recording]

Move To Deny U.S. Arms Depot Praised

BK0211133594

[FBIS Editorial Report] Three Bangkok vernacular newspapers—SIAM RAT, MATICHON, and KRUNGTHAP THURAKIT—on 2 November carry two editorials and a column commenting on the Thai Government's rejection of the U.S. request to set up a floating arms stockpile in the Gulf of Thailand.

SIAM RAT's 300-word editorial on page 5 entitled "The United States and the Floating Arms Depot in the Gulf of Thailand" says: "We agree with the government's decision to turn down the U.S. request to set up a floating arms depot in the Gulf of Thailand because, besides misunderstandings among neighboring countries, Thai citizens might get the impression that approval for the depot was made in exchange for certain economic interests or that Thailand is still under U.S. influence as in the past.

"It is a known fact that a floating arms stockpile in the Gulf of Thailand is designed to strictly serve U.S. interests without considering possible damage such as misunderstandings among neighboring countries and Thai citizens on the part of Thailand."

Citing the U.S. military operations in Haiti and Iraq, the newspaper points out that "the use of force is aimed at defending U.S. interests, not for the principle of righteousness or world peace."

"In our opinion, the United States is insincere in dealing with its allies while doing its utmost to uphold its interests. For example, the United States left Vietnam because it was afraid of the sentiments of the American people, not because it did not want to waste money or human resources. Likewise, it severed relations with Taiwan in favor of an association with communist mainland China because the latter can better serve its interests."

The editorial concludes by saying: "The rejection of the U.S. request, we believe, is in line with the aspirations of the people in general, and officials in all government agencies. At the same time, we hope that the United States does not regard the government's decision as a conflict and use it later as an excuse for economic pressure. The United States, in fact, claims to be a democratic country and has pledged to support all democratic countries worldwide."

MATICHON's 400-word editorial on page 2 entitled "The Unnecessary Arms Depot" notes: "The point is

that we must think carefully if the floating arms depot is useful to Thailand or not. Thailand learned lessons in the past from allowing the United States to use air bases on its territory for bombing operations during the Vietnam War.

"Due to existing threats from communism in those days, the then government believed that the U.S. military bases in the country could be used as a shield against aggression from communist countries. In addition to national security, the U.S. military presence also brought about economic gains as more U.S. dollars were spent in the country."

The editorial adds: "At present, the threat from communism is virtually nonexistent. All countries in the region put more emphasis on economic development than political or ideological conflicts. There is no need to depend on a major power as in the past. The act of having a major power guarantee a country's security is obsolete and unusual in the eyes of countries in this region and can lead to regional isolation and misunderstanding among neighboring countries."

In conclusion, the editorial says: "The presence of the floating arms depot in Thai territorial waters would be bad for the country's image because all countries in this region are now concentrating on national development and economic prosperity rather than an arms race and animosity."

KRUNGTHERP THURAKIT's column by Maharock Mekkhanla on page 2 entitled "Acclaim for the Attitude of Chuan and Wimon" says that Prime Minister Chuan Likphai himself rejected the floating arms stockpile proposal set forth by U.S. President Bill Clinton during the former's unofficial visit to the United States, and then reviews reports on several approaches made by the United States after the Vietnam war to set up U.S. arms depots on Thai territory.

The column concludes by saying: "In particular, General Wimon Wongwanit, who will retire in September 1995, has always openly voiced his 'opposition' to the U.S. proposal, citing the painful lessons Thailand has learned from the Vietnam war.

"With such a clear signal from military leaders, it is no surprise that Prime Minister Chuan Likphai acted so decisively in rejecting the U.S. request to establish a military installation in Thailand. Hence, the U.S.' decade-long attempt is now 'aborted.' Even the world's economic stability cannot be used as a reason to justify the U.S. attempt to play the role of 'world policeman.' Thailand's stance on this issue is firm.

"Let us acclaim (once again) the unified attitude of the government and military leaders."

Chuan Lauded for Decision

BK0211084094 Bangkok THE NATION in English 2
Nov 94 p A6

[Editorial: "Balance-of-Power Strategy Will Not Contain Conflicts"]

[FBIS Transcribed Text] In the light of recent events it is clear that regional security remains an issue that warrants close attention.

While the Malaysians gave unprecedented publicity to their 1,400-strong Rapid Deployment Force [RDF], thus eliciting fears from neighbouring Indonesia, back home, Prime Minister Chuan Likphai has declined a US request to establish a military hardware depot in the Gulf of Thailand.

Malaysian viewers were given a rare breakfast treat on TV3 when the television station broadcast live war-games depicting the "capture" of the resort island of Langkawi involving air, sea and land units, 30 aircraft—including new Hawk fighters—and half a dozen naval vessels.

The VIP guests, which included Prime Minister Mahathir Mohamed, Defence Minister Najib Tun Razak and Chief of Defence Forces Gen Tan Sri Borhan Ahmad, then saw the RDF troops storm the "enemy-occupied" island by land and sea. Of course, the extensive media coverage upset Indonesia which is embroiled in a dispute with Malaysia over the islands of Sipadan and Ligitan. In Jakarta, the vice-chairman of the parliamentary committee on international affairs, Abu Hassan Sazili, told REUTERS that the exercise could stir nationalist sentiments in Indonesia and create suspicion among neighbouring countries.

Perhaps in a tit-for-tat, the Indonesians then announced that they were due to start a massive naval exercise involving 40 vessels and 2,300 marines. The director of the exercise fleet, First Admiral Rifa Gamhadi, said the exercise was aimed mainly at promoting the combat skills and readiness of naval officers to protect Indonesian waters from any internal or external threats.

Premier Chuan's refusal to the United States was made on Monday during a 40-minute courtesy call on the prime minister by US Ambassador David Lambertson and Admiral Richard Macke, US Naval Commander for Asia and Pacific fleet. Chuan, it seems, told his American guests that Thailand could not accommodate Washington's wish due to domestic and regional concerns.

While Thailand exercised prudence, the attitude of both Malaysia and Indonesia towards security in the region gives cause for concern. This clearly shows that current conflicts cannot be handled by the balance-of-power strategy adopted by the ASEAN Regional Forum (ARF), for that will only postpone and not contain confrontation.

There must be an alternative regional framework to address the peace and security issues for potential conflicts over natural resources are looming in the South China Sea and Pacific Islands.

Conflicts will develop not only over fish and oil, but over other marine resources like tin, tungsten and copper, as seabed mining becomes technologically feasible. Indeed,

the weapons trade is probably drawing its greatest profits from the arms race in conventional weapons that has broken out in the region in the aftermath of the Cold War.

Also worrying is that in the absence of effective regional agreements, some countries will seek to acquire or develop the capacity to produce nuclear weapons and low-tech weapons of mass destruction like chemical and biological weapons.

An alternative security framework in the Asia-Pacific region would rest on a simple idea: that the best guarantee of real security is the rapid demilitarization and denuclearization of the region. It would build on significant, albeit limited, past successes at a subregional level.

For instance, the Reagan administration's military buildup in the early and mid-1980s gave an impetus to anti-nuclear and anti-military movements throughout the Asia-Pacific region.

These movements registered significant though limited victories, including New Zealand's banning of visits by nuclear-armed and nuclear-powered warships; the creation of the South Pacific Nuclear Free Zone (SPNFZ) by 11 South Pacific states; and the Philippine Senate's decision to terminate the US lease on Subic Naval Base.

While many of these decisions were taken by governments, it is difficult to imagine them being possible without strong pressure from popular peoples' movements. The time is ripe to channel subregional energies into the drive to create a regional denuclearized and demilitarized zone that would not only expand subregional initiatives like the SPNFZ but also substantially improve on the latter.

That is, the zone would cover more than nuclear weapons and also have tight restraints on the production and movement of all types of weaponry as well as on the size of armies. This decade offers a window of opportunity for ushering in an era marked by less conflict, less domination and less poverty and inequality.

That window, however, is precariously poised and can be unhinged at any moment by governments in the region who do not take their people into account when formulating security plans.

Further on Arrest of Cambodian Coup Leader

Prime Minister Comments

BK0211140094 Bangkok Radio Thailand Network in Thai 1200 GMT 2 Nov 94

[FBIS Translated Text] According to our correspondent, at 1400 today Police Major General Khamnung Thamkasem, commander of the Crime Suppression Division, with the cooperation of Suwit Sukhawibun, deputy director of the National Intelligence Agency, arrested Cambodian military officers who were involved in the coup attempt in Cambodia at house No. 380/418,

Soi 10, Ratchadaphisek village, Huai Khwang District, Bangkok. Those arrested were General Sin Song, 47, former minister of Cambodian National Security; Colonel (Mai Wuttiacha), 34; Police Col. (Den Sawibut), 30; Lieutenant Col. (Chu Sochha), 30; Lt. Col. (Tan Si), 35; and five other Thai nationals who sheltered the Cambodians. The arrested persons have been sent to the Immigration Division for questioning.

Regarding a report that those who provided shelter for Gen. Sin Song and his colleagues are associates of an individual connected with the New Aspiration Party, Prime Minister Chuan Likphai said the Interior Ministry will handle the case in accordance with the relevant law, which is illegal entry. The people who provided shelter to the Cambodians will be held responsible for harboring illegal immigrants.

[Begin recording] [Chuan in progress] ...on charges of illegal entry.

[Unidentified correspondent] Will they be repatriated?

[Chuan] They will have to be returned to where they came from.

[Correspondent] [Words indistinct] Have you received any reports that associates of politicians were involved [words indistinct]?

[Chuan] Only individuals who entered the country illegally.

[Correspondent] How many of them?

[Chuan] Several.

[Correspondent] There was a report that the people who were involved in the coup attempt were staying here [words indistinct].

[Chuan] That is another piece of fact. As far as the government is concerned, the police and the Interior Ministry will proceed in accordance with the relevant law, that is, illegal entry. The house owners will be held responsible for harboring illegal immigrants.

[Correspondent] What if they claim that they are here for political asylum purposes?

[Chuan] That will be another process. The illegal entry case is a separate issue again.

[Correspondent] Which ministry, interior or defense, will handle this issue?

[Chuan] On this issue it will be the Interior Ministry. [end recording]

Meanwhile, Deputy Foreign Minister Surin Phitsuwan said he has received a report on the arrest, but he has little relevant information. He said he has already informed the Cambodian supreme leader about the arrests and that it is unlikely that the arrested individuals will apply for political asylum because they entered the country illegally.

[Begin recording] [Surin] Since they entered the country illegally they were arrested.

[Unidentified correspondent] Can they not be regarded as being here seeking political asylum?

[Surin] Not really, because they entered the country illegally. There were no prior requests or arrangements.

[Correspondent] Did the Foreign Ministry receive any advance reports that they had fled to Thailand?

[Surin] We received a report after their arrest. [end recording]

Meanwhile, General Charan Kunlawanit, National Security Council secretary general, declined to comment on the arrest of Gen. Sin Song and his colleagues. He said the issue is the duty of the police and it does not concern Thai national security. He said he believes the arrest was made in compliance with the Immigration Law because they entered the country illegally. He said the arrest is a good development because it shows that our intelligence is good. If the issue involves relations between Thailand and Cambodia, the Foreign Ministry will handle it.

Sin Song Denies Role

*BK0311024094 Bangkok BANGKOK POST in English
3 Nov 94 p 1*

[FBIS Transcribed Text] Cambodia's former interior minister Sin Song denies involvement in the coup attempt in his country last July. A police source said Gen Sin Song told Thai interrogators yesterday he was accused of involvement because he is a close relative of alleged coup leader Prince Norodom Chakkrapong.

Gen Sin Song said he was arrested after the coup was foiled and was jailed at the Defence Ministry for a period, according to the source. The general said he was helped to escape by friends who knew he had been treated unfairly. Gen Sin Song said he fled to Kompong Som and entered Thailand through Trat Province in late September. He contacted Bunchai Buasuwan, a Thai businessman who was also arrested, by mobile telephone and told him to pick up him and his men at Khlong Yai District from which they were taken to Bangkok, according to the source. Bunchai, 39, was granted a logging concession in Cambodia.

Reporters outside the interrogation room at the Immigration Police Bureau in Soi Suan Phlu yesterday did not have a chance to see Gen Sin Song or the other four Cambodian suspects.

Immigration police, assisted by commandos from the Crime Suppression Division, escorted Gen Sin Song and his close aides. The police threw jackets over the heads of the five Cambodians when they were brought from the interrogation room to the foreigners' detention area where they were to spend the night. A man under a jacket turned his head when a reporter called out: "Gen Sin

Song, are you seeking political asylum in Thailand?" But the man did not have a chance to answer as police quickly took him away.

The source said Bunchai told the interrogators that on the day of the coup attempt he escaped from a hotel with his partner's driver and fled to Aranyaprathet. His partner is a Thai businessman and former police officer holding the rank of lieutenant-colonel.

Bunchai said that in Bangkok he was contacted by the business partner to pick up Gen Sin Song from Trat Province, according to the source.

Bunchai and another man Wasan Charungchan, alias Dam, rented a van to pick up Gen Sin Song and his men and took them to Bangkok where they stayed in two houses in Ratchada Nivet Housing Estate on Pracha Bamphen Road in Huai Khuang District. The houses were rented by a man identified as Udom Waithunkiat.

Wasan assigned two men Ahmat Longthai and Aphilat Kamonmethakun, to take care of Gen Sin Song and his men. The two were paid 2,000 baht a day, the source quoted Bunchai as saying.

Asylum in Third Country Considered

*BK0311042194 Bangkok BANGKOK POST in English
3 Nov 94 pp 1, 6*

[FBIS Transcribed Excerpt] A key fugitive leader of Cambodia's failed July coup Gen Sin Song was arrested by Thai police along with four aides in a pre-dawn raid on two rented houses in Huai Khwang yesterday. Four Thais including a man identified as Bunchai Buasuwan, who shares the same surname as New Aspiration Party's [NAP] Phetchabun MP Kaeo Buasuwan, were also detained in the raid conducted by the Crime Suppression Division [CSD].

Mr Kaeo is currently a personal adviser of NAP leader and Interior Minister Chawalit Yongchaiyut. Reached by telephone, Mr Kaeo insisted he did not know Bunchai and was not related to him. He would personally travel to see who Bunchai was, Mr Kaeo told the BANGKOK POST. [passage omitted]

Deputy Foreign Minister Surin Phitsuwan indicated that asylum in a third country was being considered for Gen Sin Song.

"We are waiting for details from police on the conditions and provisions in Thai law for third country asylum," Mr Surin told reporters. Gen Sin Song could not stay in Thailand under political asylum because he entered the country illegally, Mr Surin added.

Gen Sin Song was in the United States early this year, apparently at the invitation of a US senator. But the US Embassy in Phnom Penh yesterday affirmed the general had not sought refuge in the US through the embassy.

Thailand and Cambodia do not have an extradition agreement and Gen Sin Song's repatriation would depend on whether the Cambodian Government wants him to return, Mr Surin noted.

Thailand would take action on this case as good neighbours and according to Thai law, he said.

Gen Sin Song and other suspects were questioned by Thai investigators at the Immigration Police Bureau yesterday following their arrest at 6 a.m. at Ratchada Nivet Housing Estate off Pracharatbamphen Soi 10 Road.

Newly-appointed CSD Commander Pol Maj-Gen [Police Major General] Khamnung Thamkasem spear-headed the raid less than one hour after he took over the position, the sources added.

And newly-appointed Immigration Commissioner Pol Lt-Gen [Police Lieutenant General] Kiattisak Praphawat said five Cambodian military officers were taken to the Immigration Bureau at 7 a.m. yesterday. But he declined to say what action would be taken.

"Usually, it is within our authority to take action against illegal immigrants, but this case is about politics and international relations so we have to wait for an order from the police chief," he told reporters.

Gen Sin Song was in the United States early this year to attend an annual ceremony in Congress known as the "National Prayer Breakfast." He was arrested on the night of the coup attempt on July 2. But he escaped detention at the Defence Ministry in Phnom Penh on September 4. He then was reported to have spent a few days in Vietnam but his whereabouts were not known until yesterday.

Gen Sin Song has long been at the helm of Cambodia's Interior Ministry, as deputy minister from 1981-1988, and full minister from 1988 until the United Nations-sponsored elections in May 1993. He is alleged to have been behind the "death squads" which preyed on Cambodian politicians during a campaign leading up to the UN-organised elections. After the polls, the general took part in the abortive secession attempt led by Prince Chakkrapong.

The Foreign Ministry yesterday instructed Thai Ambassador to Cambodia Sakthip Krairoek to tell Cambodia's co-prime ministers Prince Norodom Ranariddh and Hun Sen about the arrest, Mr Surin said. But as of yesterday evening there had been no reply, he added. [passage omitted]

Further on Speculation About Asylum

BK0311145594 Bangkok Radio Thailand Network in Thai 1200 GMT 3 Nov 94

[FBIS Translated Text] Thai Ambassador to Phnom Penh Sakthip Krairoek spoke to correspondents after calling on Foreign Minister Police Lieutenant Colonel

Thaksin Chinnawat. Asked what steps will be taken after the arrest of General Sin Song, the ambassador said that it is up to the Thai Government to decide. The ambassador told correspondents that Cambodia's Second Prime Minister Hun Sen had called the Thai charge d'affaires in Phnom Penh for a meeting to inquire about the arrest of the general. Prime Minister Hun Sen also asked the official to convey to Foreign Minister Thaksin that the two Cambodian prime ministers have no suspicions about the new foreign minister or the IBC company.

[Begin recording] [Sakthip] It will be up to the Thai Government about what action to take. Minister Thaksin summoned me for a discussion and I have already called on him.

[Unidentified correspondent] Has Cambodia requested that Sin Song be sent back?

[Sakthip] It has, yes. I have reported this to the minister.

[Unidentified correspondent] [question indistinct]

[Sakthip] It will be up to the Thai Government to decide. I have reported developments to Minister Thaksin; now it rests with the Thai Government to decide what path to follow.

[Unidentified correspondent] Will he be sent back home or sent to a third country?

[Sakthip] It depends on the decision of the Thai Government.

[Unidentified correspondent] By principle of law, is Gen. Sin Song entitled to request asylum in a third country?

[Sakthip] I don't know. By the way, the charge d'affaires reported that in addition to discussing the arrest of Gen. Sin Song, Prime Minister Hun Sen also asked to convey a message to the foreign minister—which I have already done—that Cambodia, in other words, Prime Minister Hun Sen and Prime Minister Ranariddh, has no suspicions regarding the new foreign minister or regarding the IBC company. [end recording]

Thaksin on Cambodia; To Attend APEC Meeting

BK0311044894 Bangkok BANGKOK POST in English 3 Nov 94 p 8

[FBIS Transcribed Text] Problems in Thai-Cambodian relations can be resolved with sincerity, newly-appointed Foreign Minister Thaksin Chinnawat said yesterday.

"If we have sincerity then we can resolve all issues," he said in his first press conference since he assumed office. Mr Thaksin earlier paid respect to the father of Thai diplomacy, Prince Thewawong, whose statue graces the front of Saranrom Palace, which houses the ministry. He said the Cambodian government had never accused him of involvement in the failed July coup. Thais made the allegations against him. Mr Thaksin said he was

acquainted with all Cambodian leaders and they did not believe the allegations. He pledged to take the offensive in conducting foreign affairs.

He stressed the importance of strengthening ties with Thailand's neighbours and members of the Association of Southeast Asian Nations. His first trip abroad will be to attend a meeting of the Asia-Pacific Economic Cooperation group in Indonesia this month.

Mr Thaksin said he intended to improve many aspects of work in the Foreign Ministry, notably economic and security-related matters. He reconciled his role as a businessman and a diplomat by saying businessmen used diplomacy to negotiate trade and joint ventures.

"Give me a chance to try. If I can't do the job, I will consider my position."

General Doubts Viability of Policy in South

*BK0311051894 Bangkok BANGKOK POST in English
3 Nov 94 p 6*

[FBIS Transcribed Text] Fourth Army Region Commander Panthep Phuwanatnurak yesterday indicated a policy initiated by former commander Lt-Gen Kitti Rattanachaya to suppress the communist insurgency in the South was no longer viable and would soon be scrapped.

Lt-Gen Panthep said the Army would resort to a more compromising means of encouraging members of the communist group to surrender voluntarily. He said a lack of agricultural land was not the main reason the communist group refused to turn themselves in. But members feared they would not be socially accepted for being branded communist veterans.

The commander said more time was needed to conduct a study to see if more funds must be injected into the budget to develop the border areas in five southern provinces.

Many security-related problems in the South often stemmed from conflict among people of different cultural and religious backgrounds. People cannot live in harmony as they develop suspicion toward one another, Lt-Gen Panthep said.

Vietnam

Defense Minister on Official Visit to Malaysia

*BK0311095394 Hanoi VNA in English 0654 GMT 3
Nov 94*

[FBIS Transcribed Text] Hanoi VNA November 3—Defence Minister General Doan Khue has been in Malaysia from October 31 for an official visit at the invitation of his Malaysian counterpart Datuk Sri Mohamed Najib.

Following the official reception ceremony on November 1, the two ministers had talks on issues of mutual concern, especially on the cooperation between the Defence Ministries and the Armies of the two countries.

Minister Doan Khue met with the Malaysian and international press circles during which he expressed his thanks to the Malaysian people and government for their cooperation with and support to the economic development and national construction of Vietnam. He unveiled the aim of his visit to study and exchange experience for a better mutual understanding and promotion of the friendship and cooperation between the two countries and Armies.

Later the same day, the Vietnamese delegation visited the staff institute of Malaysian Armed Forces and was given a banquet by the host minister in their honour.

*** Effects of Cambodian Immigration Law Cited**

*952E0005A Hanoi QUAN DOI NHAN DAN in
Vietnamese 12 Sep 94 p 4*

[By Quang Loi]

[FBIS Translated Text] The events during the past two weeks in Cambodia relating to the ethnic Vietnamese residents there are causing deep concern among our people and the people of the world.

On 27 August, four ethnic Vietnamese residents who were fishing in Kompong Chhnang Province were kidnapped. Even more serious, on 5 September, a group of approximately 30 armed men dressed in Cambodian clothes and riding in more than 10 motor boats attacked a Vietnamese fishermen's boat in Kandal and killed four ethnic Vietnamese. Those are just two of dozens of terrorist acts perpetrated against ethnic Vietnamese residents in recent days. Vietnam has called Cambodia's attention to this many times and asked Cambodia to implement effective measures to protect the Vietnamese and enable them to live a normal life. But to date, not one killer has been punished, and the lives of the ethnic Vietnamese living in Cambodia have become more and more precarious. They could be killed at any time.

What is worth noting is that those two acts of terror took place immediately after the Cambodian National Assembly passed an immigration law on 26 August. International opinion has strongly criticized that law for being racially discriminatory. Article 2 of this law states that "anyone living in Cambodia who is not a Cambodian citizen will be considered to be a foreigner." At a time when Cambodia does not yet have a citizenship law, this article could lead to terrorism and the massacre of many Vietnamese living ordinary lives in that country. A report published by the Asian Human Rights Defense Association clearly states that "this law does not contain any provisions to stop mass deportations. Because of this, in the future, serious abuses similar to those that have happened in the past, which resulted in the deaths of tens of thousands of Vietnamese and which

forced hundreds of thousands of Vietnamese to flee to Vietnam, will occur again even though Cambodian authorities have said that this new law is not aimed at the Vietnamese." A specialist who works for an international organization that deals with human rights laws said that "this law says nothing about the rights of citizens and does not state clearly which people are Cambodian citizens. As a result, ethnic Vietnamese will become the victims of oppressive acts committed by the Cambodian regime regardless of how long these people have lived in Cambodia."

Vietnam and Cambodia have had a long tradition of friendly relations, and they were closely tied to each other in the struggle for national liberation and national construction. Throughout history, many Vietnamese have gone and settled in Cambodia. The ethnic Vietnamese community in Cambodia has made many positive contributions to building Cambodia. They respect the laws of Cambodia and have made an effort to strengthen solidarity and friendship with the Cambodian people. Cambodians of good will recognize this fact. According to international law and practices, they have the right to become Cambodian citizens if they want. Or at the very least, they have a legitimate right to continue living in Cambodia. However, people have not fully measured the effect that this will have on the overseas Vietnamese in Cambodia if this law is actually implemented. There have been reports that the overseas Vietnamese will be put into detention centers for classification and deportation. Even worse, those concentration centers for ethnic Vietnamese residents will become the targets of terrorist attacks by racists. Recently, people have noticed that in Cambodia, the enemy forces have stepped up their activities aimed at causing splits and fostering anti-Vietnamese feelings. Thus, there is cause for concern that those forces will use this immigration law to stir up trouble, and to expel and terrorize the Vietnamese who are legally living and working in Cambodia. A newspaper published in Cambodia observed that the new immigration law is a "law to drive out the Vietnamese." TIA SANG CAMPUCHIA pointed out that many Cambodians are married to ethnic Vietnamese residents. Their human rights will definitely be violated if these families are "split apart" by this law.

The government and people of Vietnam have always attached great importance to the traditional friendship and close neighborly relationship with Cambodia. Today, at a time when the situation in the region and the world is undergoing profound changes, we are doing everything possible to solidify and develop this relationship. We think that Cambodia's new immigration law will do great damage to the feelings, hopes, and interests of the peoples of both Vietnam and Cambodia. President Le Duc Anh, Premier Vo Van Kiet, Foreign Affairs Minister Nguyen Manh Cam, and the Vietnam-Cambodia Friendship Association have sent letters and telegrams to Cambodia expressing our great concern and feelings that this new immigration law will adversely affect relations between our two countries.

On 5 September, in a letter to Premier Vo Van Kiet, Norodom Ranariddh, the Cambodian first premier, affirmed that the large numbers of ethnic Vietnamese living in Cambodia would never be deported using force. Prior to that, King Sihanouk sent a letter to President Le Duc Anh informing him that he had asked the Cambodian National Assembly to review and promptly amend the inappropriate sections of this immigration law. Chea Sim, the president of the Cambodian National Assembly and acting chief of state, voiced a similar opinion. We acknowledge the above responses and views of Cambodian leaders, but we are still quite concerned because those inappropriate sections of the law are still in effect. We suggest that the Cambodian Government and the Cambodian organizations with jurisdiction immediately implement resolute and effective measures to maintain security and a normal way of life for the overseas Vietnamese living in Cambodia. In the present situation, that is both a practical and necessary task in order to contribute to solidifying and developing the traditional friendly and cooperative relationship between Vietnam and Cambodia.

Paper on Importance of Political Education

BK0211114194 Hanoi QUAN DOI NHAN DAN in Vietnamese 19 Oct 94 pp 1, 4

[Article by Professor Lieutenant General Tran Xuan Truong: "Let's Make Vigorous and Constant Efforts To Strengthen Political Education To Firmly Maintain the Character and Traditions of the Army"]

[FBIS Translated Text] Our army comes from and fights for the people, and has since its birth remained a new type of military organization with a working class character. Our army is placed under the direct, absolute, and comprehensive leadership of the Communist Party of Vietnam and has Uncle Ho as its founder and educator. The history of 50 years of growth and the armed exploits of our army has provided our nation with a priceless heritage. Our army is imbued with a revolutionary nature, glorious traditions, and the people's wisdom. The character and traditions of "Uncle Ho's army" are basically both popular and scientific.

Realities over the past 50 years testify to the complete correctness of the first principle of President Ho Chi Minh's army-building concepts, under which political indoctrination provides the groundwork for other army-building activities. This principle plays an ever increasingly important role in the current situation. Sooner or later, we will have to derive lessons from real life situations and make serious and scientific studies to know what to do and how to do it in order to build our army politically. Nonetheless, we know for sure that political education is indispensable and that the current situation calls for urgent and constant efforts to vigorously step up political education for all members of the armed forces from soldiers to high-ranking military officers and cadres.

There is a need to provide training and retraining to all cadres in charge of the economic and technological sectors. Likewise, the current historical circumstances require us to provide political training and retraining to all our cadres and combatants. We need to organize more than one training session. From now on, political education must be a continuous process. The reason is because political activities now cover many relatively important aspects of our society and keep changing more quickly than during the time of the national salvation war. Instead of adopting a wait-and-see attitude, we must work out varied contents and design diversified forms and methods of political education to keep up with the rapid changes in our country, where the socialist construction, industrialization, and modernization process is in progress, as well as with an ever-changing world, in which mankind is at the threshold of the 21st century.

Our people's fight against the "peaceful evolution" strategy and subversive activities of hostile forces is a protracted struggle that requires us to adopt different measures both in terms of content and method. The most favorable outcome of the enemy's "peaceful evolution" strategy, as far as it is concerned, will be to make our communists and people use their own hands to get rid of their socialist regime. The enemy is hopeful that our army will also take part in that suicidal act. Nonetheless, faced with the truth that ours is a well organized army that has for the past 50 years remained loyal to the party, nation, and people, the enemy understands that the best chance of success rests with its endeavors to make our army discontinue its interest in the political activities of the communist party.

It is the objective of hostile forces to use their "peaceful evolution" strategy to "depoliticize" our army. Nonetheless, efforts to neutralize our army and make it confused and passive politically can materialize only when the party leadership faces a split in its guidelines and when the vanguard brigade meets with a crisis situation. That cannot happen in Vietnam! Vietnam is different from the former Soviet Union and Eastern Europe! As President Ho Chi Minh put it in his sacred testament, our entire party, people, and army are fully aware of the need to maintain unity and singlemindedness in the party, particularly in the party leadership nuclei, as one would care for the apple of one's eye. It is for this very reason that the enemy has tried another approach in implementing its scheme to depoliticize our army by making use of the negative impact of the market mechanism on society and of the practices of pragmatism, which are the end product of the market mechanism, to make those practices prevail step by step over the revolutionary ideals of our army's spiritual life. The practices of pragmatism, commercialism, extreme individualism...will eventually lead to political indifference, which, in turn, will mark the beginning of the actual process of "depoliticization."

In order to outsmart the plot and the tricks aimed at "depoliticizing" the army, we therefore have to try

harder than ever to "politicize" our army and constantly intensify political education among cadres and combatants. Only by so doing will we be able to maintain and develop the characteristics and traditions of the revolution and suppress all sources of degradation and deviation from within, which could start from either ideological or political viewpoints as well as from indications of changing lifestyles or attitude and habits of thought and actions. Political disorientation may start from the moral area.

Marxism, Leninism, and Ho Chi Minh thought form the theoretical foundation for our party as well as for the army. They are the core elements that create the revolutionary nature of the army, the inseparable spiritual weapon that makes the army a fearful physical force against the enemies. That spiritual weapon has, in some places and at some times, become somehow rusty and dull as a result of the dogmatism of some time ago and the recent blatant trend of opportunist rightism and revisionism. Elements which are alien to Marxism, Leninism, and Ho Chi Minh thought have more or less infiltrated into the party, and the distinction between right and wrong has not been always made open and clear. In this situation the issue of education and reeducation in Marxism, Leninism, and Ho Chi Minh thought for cadres and combatants, especially for intermediate and advanced level cadres, should be tackled more seriously than ever these days. We need to start a forceful and widespread political education campaign to screen out and eliminate all alien elements from the army, and restore the unequivocally dominant position of the system of Marxism, Leninism, and Ho Chi Minh ideology.

Political education, with Marxism, Leninism, and Ho Chi Minh thought as the main contents, reflects our army's political and military orientations as well as its moral quality. It should not be carried out once for all, but should be done constantly and periodically.

To protect Marxism, Leninism, and Ho Chi Minh thought nowadays is not just to merely reiterate the principles of Marxism, Leninism, and Ho Chi Minh thought. We definitely have to develop them in line with current and active realities. Theoretical development should be based not only on the realities of our country but also on those in the international arena. The theories should have a strong persuasive ability to explain the extremely complex developments of current world affairs, as well as to mobilize and organize all revolutionary forces in improving our social life in accordance with the rules of a progressive and civilized society. The undertaking of safeguarding and developing our ideology is an arduous, painstaking, and prolonged one which requires the Vietnamese mind, and no one else's, to take full responsibility. Learning and consulting from other people's wisdom is necessary to enrich our own wisdom, but we need to be self-reliant and self-supplied; in particular, we must fully master our thinking and ideology and should not be inferior by relying on others as we used to.

That is why we cannot deceive ourselves that we can solve all issues relating to scientific ideological theories in a short period of time. We can only achieve certain results through theory over periods of time, and every time we achieve a leap in quality in our ideological tasks, we should quickly spread it out among cadres, party members, and the masses. The tasks of education, building, and consolidating ideology in the army, therefore, need to be carried out constantly in regular cycles.

Together with the development of theoretical and political conceptions, beliefs about the party line have also changed. We must not have a metaphysical understanding of the party line as something fixed and invariable. It can be constant in its most fundamental direction. However, as a political banner to motivate and organize the public for revolutionary acts, the party line must always be able to renovate and improve on the basis of reviewing the party's successes and non-successes. Since the fourth national party congress, our party line on socialist revolution has been developed, perfected, amended, and supplemented by subsequent national party congresses. The renovation outlined in the sixth and seventh national party congresses has recorded significant achievements and we believe that in coming congresses it will be perfected even more. If every national party congress is considered a chance to renovate thinking about the party line, then education about the party line for cadres and party members in the Armed Forces must be carried out constantly with more and more education after each party congress every five years.

Today, moral quality standards in society and in the Army are not established once and for all. They must also go through a gradual process until they reach perfection. We are amending communist morality standards which were established in a society of bureaucratic centralism and subsidization to institute morality standards for a current society which still accepts private ownership and market mechanisms. We must still combine common socialist morality with a quintessence of Vietnamese cultural and moral traditions to construct a progressive and advanced morality system which is suitable to Vietnamese people and easy to develop in a Vietnamese cultural and spiritual environment. The combination is a complicated process and it is happening in the reciprocal reaction of ideology and reality, in the superstructure, in the social structure—even in the socialist material and technical base—and in the movement of social life, in general, and in Army life in particular. Therefore, morality building and education for revolutionary soldiers must also be a constant process of education and more education. However, it must not be repetitive or monotonous. It should carry new contents to reflect new developments in economic and cultural life.

In conclusion, political education to preserve our Army's characteristics and traditions in today's society is much more complicated than in the past. We must strongly and

constantly renovate our political education from programs and contents to form and organize work for training. In particular, we must invest more in the preparation of documents, equipment, means of transport, and personnel, and the preparation must be done regularly. Today, as in all other fields, we must place requirements on quality and efficiency of political education in the Armed Forces at the top of the list. Moreover, these requirements must be observed much more strictly than in other fields.

*** Article Discusses Navy, National Defense**

952E0001A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Aug 94 pp 1-4

[By Rear Admiral Mai Xuan Vinh]

[FBIS Translated Text] Thirty years ago, a detachment of torpedo boats of the Vietnam People's Navy [VPN] attacked the Maddox, an American destroyer, and drove it out of our fatherland's beloved coastal waters after it entered (2 August 1964). On 4 August 1964, the U.S. Administration raised the "Tonkin Gulf Incident," accusing the Vietnam People's Navy of intentionally attacking an American warship in international waters (!) as an excuse to expand the war to northern Vietnam. On 5 August 1964, modern American aircraft from several aircraft carriers flew almost 100 sorties and attacked almost all VPN bases along the coast from Song Giang, Cua Hoi, and Lach Truong to Bai Chay, destroying the combat ships of the VPN.

In that historical conflict with the VPN and the north Vietnamese militia on 5 August, the American imperialists tasted defeat. Eight of their modern combat aircraft were shot down and many others were damaged. The powerful air force of the U.S. 7th Fleet suffered a serious defeat in that battle against the small warships of the VPN, which was then just a fledgling navy.

The naval forces of the VPN, with the close support of the People's Armed Forces and local people, fought bravely and resolutely, annihilated the enemy, and defended our forces. Through that initial fight and victory, the cadres and men of the VPN matured in terms of will power, spirit, and combat experience.

Together with the success scored in expelling the Maddox on 2 August, the victory on 5 August opened a new page in the heroic combat and victories of the VPN and contributed to stimulating the entire party, the entire military, and all the people in the north and south to emulate in being determined to fight and defeat the American bandits. With that victory, 5 August has become the day commemorating the first victorious battle of the VPN. That first victorious battle taught us many valuable historical lessons. That is, we must constantly increase our vigilance, understand the plots and stratagems of the enemy forces, increase our combat will power, elevate our spirit of independence and self-reliance, and dare to attack, know how to attack, and be

determined to fight and defeat the aggressor. We also learned lessons concerning organizing and building our forces and training the troops.

During the 20 years of resisting America for national salvation, especially during the days following that initial victory, the VPN, with its activist role in people's warfare at sea, fought both independently and in conjunction with other forces and sank many ships, shot down or damaged many aircraft, annihilated many of the enemy's forces, and destroyed many of the enemy's means of war. We effectively broke the enemy's ocean blockades, opened a "Ho Chi Minh Trail" at sea to support the southern battlefield, liberated many islands, and, together with the army and people in the entire country, contributed to winning total victory in defending the north, liberating the south, and reuniting the country.

Following that, in the fight to defend our sovereignty at sea and on our islands, the VPN elevated its activist role and, together with the other forces, effectively blocked actions aimed at encroaching on our sovereignty in our territorial waters, on our islands, and along our continental shelf and gradually built a coastal-sea-island front.

During 30 years of building, fighting, and maturing, the VPN has inherited and applied the traditions, experiences, and lessons learned during that first victorious battle in the navy's construction and combat activities and made creative use of the party's all-people's national defense and people's war line in every situation and historical stage. At the same time, through its activities, the VPN has made practical contributions to the development of theory concerning Vietnamese military arts, the nature and laws of military operations on river and ocean battlefields, and the organization and construction of naval forces in accord with the special characteristics and conditions of Vietnam. The VPN has gradually increased the combat strength of the naval forces and contributed to developing and constantly perfecting the people's war line of the party on river and ocean battlefields.

The Eastern Sea [South China Sea] is a large ocean through which many international navigational routes pass. This ocean is located in the Asia-Pacific area, an area with the fastest rate of economic growth in the world. Here, there are both factors that contribute to reconciliation and cooperation—which is becoming a focus of attention of all countries in the region and throughout the world—and factors that promote instability, because the disputes over the sovereignty and interests of various countries have not been fully resolved. In the face of this, many countries in the region are strengthening their might at sea. In particular, they are actively building up their naval forces and equipping their naval forces with modern technical means so that they can gain control at sea. Besides this, a number of other naval powers want to have a presence or interfere in this region, and this is making the situation even more complex.

Vietnam is a sea nation located along the western edge of the Eastern Sea. Our country has a broad coastal area and many marine advantages and marine resources. Since ancient times, our people have exploited the marine products and used the ocean as an important transportation route in traveling from one region of the country to another and to other countries. But for many reasons, we have not fully exploited the advantages of the ocean. In recent years, the ocean has contributed notably to the country's economic growth. It has contributed to the development of relations with other countries in the region and around the world, and, at the same time, it has improved our understanding concerning defending and exploiting the resources in our territorial waters. However, our country is still backward economically and behind other countries with respect to the ocean sphere. Reality shows that with the population explosion and the gradual drying up of the natural resources on the mainland, countries with a coastline are looking out to sea, applying the advanced scientific and technical achievements to the ocean, and actively building ocean-coastal economic centers. History shows that coastal countries that have fully exploited the strengths of the sea have become rich and powerful.

On the other hand, our country's coastline is very long, running the length of the country. This special characteristic presents both favorable conditions for developing the economy and also difficulties in defending our territorial waters and fatherland and resisting attacks from at sea. Since ancient times, we have coordinated land and sea offensives. Today, now that high-tech weapons have been developed, the enemy can use ocean routes not only as important strategic routes but also as the principal routes for attacking our country.

Today, besides the disputes over sovereignty regarding our ocean zones and islands, others frequently encroach on and steal our marine products, engage in smuggling, and commit other crimes. This is creating a very complex and tense situation and is having a great impact on sovereignty and order at sea. Because of this, our task is to defend our sovereignty, protect our interests at sea, maintain order at sea and prevent the enemy from launching attacks from the sea, and maintain favorable conditions for economic and social development and the development of foreign relations. This is a very important and urgent task.

In order to carry out this task, we must concentrate on solving the following problems:

1. We must build and solidify all-people national defense and people's war and coordinate this closely with people's security at sea, with the people's navy serving as the activist.

The party's strategy for stabilizing and developing the economy and society to the year 2000 clearly points out that we must "gradually exploit the great potential of the ocean economy, develop the economy on the islands, become masters of the sea and continental shelf, and

manifest sovereignty over the special economic zones." In order to hit this target, a very important problem is to make good preparations for "going to sea" and exploiting the oceans to make the country rich. However, as mentioned above, the present situation in the ocean region is very complex. Because of this, we must deal with the relationship between the economy and national defense and security and the relationship between exploiting and defending the seas in accord with the viewpoint of coordinating the economy with national defense and security and coordinating national defense and security with the economy. We must build and solidify people's warfare and coordinate this closely with maintaining security and order at sea. Focusing on the sea to defend and exploit our interests at sea is a vital matter for our country and people.

By virtue of its functions, tasks, nature, and operating environment, the VPN will always be a basic and activist element in projecting strength at sea. Besides its military function in opposing enemy aggression at sea, which is one of the country's strategic defense lines, the VPN, together with the other forces, must participate in defending our sovereignty and maintaining order and security at sea and engage in ocean economic activities. Because of this, building the people's warfare front and strengthening integrated strength at sea, with the VPN serving as the activist, is an objective requirement.

Along with the VPN, we have many other forces operating at sea, including the military and security forces of the ocean economic sectors, localities, and sectors concerned. But for the most part, the activities of those forces have been simple activities carried on primarily along or near the coast. Thus, there must be close, synchronized, and unified coordination between the forces. Those forces that are exploiting the sea must be given broad guidance from near to shore to far out at sea, and together with the navy and the other forces, they must be turned into a strength capable of building and defending the sea, island, and coastal areas in order to affirm our sovereignty at sea, build the economy, and create a basis for building national defense and security and building a people's war front at sea.

There must be close coordination between building ocean defense forces and exploiting the sea in order to hit the economic and national defense targets. There must be close coordination between our naval forces and the forces that are exploiting the sea. Ocean defense projects that also support exploiting the sea and vice versa must be built. This is the basis for state investment in national defense at sea. This will not have an adverse effect on economic construction. Rather, this will increase the conditions and capabilities for long-term economic construction.

National defense and security at sea are closely related. Today, there are many problems in maintaining security and order at sea, both along the coast and far out at sea, that must be solved. Many forces are participating, but

they have not achieved good results in maintaining security and order at sea. Everyone is doing his own thing. There is a lack of coordination. Specific responsibilities have not been assigned to each force. This has resulted in people shifting the responsibility to others or shirking responsibility in the management sphere. Because of this, the state must implement uniform rules and regulations in order to strengthen coordinating management tasks and to maintain sovereignty and security at sea.

2. The VPN must be built up so that it has the strength to serve as the activist in maintaining the sovereignty of the fatherland at sea, on the islands, and along the continental shelf.

So that the VPN can fulfill its heavy responsibilities and serve as the activist in maintaining sovereignty at sea and on the islands in the new situation, we must build a revolutionary, regular, and well-trained navy, gradually modernize our navy, build stronger and stronger forces, and constantly increase combat capabilities.

The VPN came into being in a backward agricultural country where science and technology were undeveloped and the state's ability to invest in the navy was limited. Because of this, there was an imbalance in the means and weapons provided to the navy. These means and weapons were old and outdated and not in accord with the requirements of the tasks. On the other hand, the navy matured in war. It constantly had to face targets that were stronger in terms of both weapons and troop strength. The tasks were always greater than the navy's capabilities and so the navy had to strive to overcome the difficulties, exploit its integrated strength, and make use of the people's war line in order to carry out the tasks. It started from scratch, building and fighting at the same time.

In recent years, the party and state, most directly the Central Military Affairs Party Committee and the Ministry of National Defense, have provided guidance and invested money in order to increase the combat strength of the navy. Reality has shown that building up the VPN so that it will have the strength to act independently or in conjunction with other forces to carry out the tasks assigned is very expensive, and this will take a long time (because the navy is highly dependent on the economy). But this cannot be delayed. Both the navy and the Ministry of National Defense must make a great effort, and the party, the state, and all the people must give attention to investing more. Investment activities must be included in the long-term, medium-range, and short-term plans.

The navy is an integrated technical service consisting of many branches that carry out combat tasks in a special environment. In construction and combat, the VPN has accumulated a number of experiences, but as compared with the requirements of building a revolutionary, regular, and well-trained navy and gradually modernizing the navy so that it can carry out the tasks in line with the

movement to renovate the country in all respects and in accord with our economic capabilities and with the scientific and technical advances made both here and in other countries, much more money must be invested in research. Furthermore, at present, we are building and expanding the navy in peacetime, but we constantly have to deal with destructive plots, disputes, and illegal encroachments at sea. Because of this, there must be a program that gives priority to investing in building up our naval forces in all respects so that they are more balanced and synchronized. This includes everything from organizing and building up the forces and strengthening the combat means and materials to building an infrastructure and building bridges, ports, and workshops. The ranks of cadres and sailors must be trained, and the naval forces must gradually be modernized so that they have the strength to act independently or in conjunction with other forces in effectively carrying out the task of defending the sovereignty of the fatherland at sea and on the islands.

Along with building up the forces of the VPN, building and training the ocean militia and self-defense forces must be promoted. The naval reserves must be built up so that they have sufficient forces of high quality who are ready to be mobilized from among the people and from the ministries, sectors, and coastal localities. In educating people about all-people's national defense, steps must be taken to improve the understanding of the cadres and party members in the sectors and echelons and of all the people concerning the strategic position and role of the ocean and of the navy—the activist force in defending the ocean areas and islands of the fatherland.

Steps must be taken to build a close cooperative relationship between the navy and the other forces and people working at sea in solidifying and building national defense and security and a people's war front at sea and in exploiting our integrated strength to defend the ocean and island sovereignty of the fatherland in any situation.

* Defense Industry's New Tasks Reported

952E0004A Hanoi QUAN DOI NHAN DAN in Vietnamese 8 Sep 94 pp 1, 4

[By Ho Si Hau]

[FBIS Translated Text] On 15 September 1945, President Ho signed a directive establishing an Arms Office subordinate to the Ministry of National Defense. This year, the Vietnam arms sector, which is its successor and which is a national defense industry, is 49 years old. Through 49 years of difficult struggle, in which difficult challenges were experienced in warfare and peacetime and in the changes made in the mechanism, the defense industry has stood firm and is now beginning to grow and show new promise.

In an open-door period and at a time when the scientific and technical revolution is developing like a typhoon,

looking back at those difficult days at the beginning, we are deeply moved and touched by the things accomplished by the previous generation. Just three months after the start of the national resistance, the movement of almost all of the northern workshops subordinate to military regions 1, 10, 12, 3, 4, and 5 was completed, and 50 percent of these workshops had started production. During the second half of 1947, a system, from the Technical Research Bureau (the forerunner of today's Weapons Design Institute) to the arms workshops, public security weapons workshops, and federated arms workshops, was formed everywhere from the interzones to the provinces. The workshops were equipped with machinery from the plants and enterprises from the very start of the resistance. A number reinforced or manufactured things on their own. Even though the machinery was very old and outdated and had been moved and hidden many times—sometimes machinery was even buried in order to protect it—with the brave and creative spirit of the arms workers, the arms industry ably supported the resistance. This was an essential element in supplying weapons to the armed forces, particularly before we began receiving aid from fraternal countries and in combat conditions in which the battlefields were separated. From 1946 to 1950, the arms industry produced 17,562 weapons of various types, including mausers, rifles, "ua-do-ca," and mortars, almost 4 million shells (such as mortar shells, DKZ shells, AT shells, and bombs), grenades, and mines, and 23,000 military implements, mainly knives and bayonets.

Today, the defense industry has a very heavy task, but expectations are also very good. Starting from the task of defending the fatherland, the important documents of the party and state such as the constitution and the programs and resolutions of the party all mention the task of building and expanding the defense industry. Even though capital is limited, the state has striven to invest in the defense industry. In recent years, steps have been taken to prevent the existing national defense plants from declining, to restore and gradually improve the capabilities of the enterprises, and improve industrial civilization at the plants so that they can keep pace with the initial demands of the new economic environment.

At the end of the 1980s, the national defense enterprises encountered serious difficulties because of the decline in defense orders. Also, there was almost no investment capital, and the enterprises were not able to make changes in keeping with the new mechanism. But today, almost all of the national defense enterprises have affirmed their position not only in national defense but also in the market mechanism. The growth of the national defense enterprises is a process of difficult and innovative struggle concerning the organization of production and particularly concerning science and technology. Above all, the research capabilities of the national defense industry have clearly been improved. Improving the existing weapons in accord with our military's combat methods has been promoted, and

encouraging results have been achieved. Studies have been done to enable us to repair a number of types of modern weapons and equipment. Much attention has been given to producing spare parts, and the outlook is good.

From the factories that use traditional technology that were built with the help of fraternal countries, the national defense enterprises must start familiarizing themselves with modern science and technology. With a thorough understanding of the policy on coordinating traditional technology with modern technology and modernizing the decisive elements, the national defense enterprises have given much attention to the key elements of product quality. Temperature and humidity control systems have been installed in the shell assembly sections and the sections that determine the quality of the explosives. The use of computers in automating control and regulation is regarded as an important requirement when importing new technology. Because investment capital is limited and because of the special characteristics of the products, we may have to import production chains that rely on traditional technology. But on those production chains, for those sections that require a high degree of accuracy or that determine product quality, advanced equipment must be selected, and automated structures must be replaced based on the application of computer science. Thus, even if the entire production chain is not modern, the products produced will still satisfy the requirements of advanced technology.

Many national defense enterprises are approaching the new technology through economic products. Realizing that defense orders will be very limited in peacetime, in order to become deeply involved in the new technology, there is no better way than to look for multi-purpose technology in order to survive and expand in a market mechanism. The results of this approach are very encouraging. A number of production chains that produce industrial explosives have manifested a good effect, and a number of production chains with more modern standards are being formed, which should enable the defense enterprises to supply almost all the explosives needed by the national economy. The electronics and computer enterprises and science federations have put automated products on the market, and these have been well-received by customers. The system for automatically regulating the parameters in vulcanizing rubber has won the Z175 Plant many gold and silver medals at economic and technical fairs.

In talking about the advances made by the defense industry in our country in scientific and technical operations, we cannot talk just about the defense enterprises. All of our country's industrial and research and development capabilities are a very great potential for national defense. Today, a number of non-military research institutes are using leading and advanced technology and satisfying many of the needs of the defense industry. These capabilities must be recognized as part

of all the research and development capabilities to support the defense industry. In the new situation, because of competition, the non-defense enterprises will find ways to use the new technology, particularly leading technology, to create highly competitive products. By taking this path, we will be able to produce some or all of the military products at these enterprises, and this will forge a link between the defense enterprises and the non-defense enterprises on the technical or product fronts. As the non-defense enterprises participate in producing more and more products for national defense and the defense enterprises produce more and more civilian products, joint ventures between the defense enterprises and the non-defense enterprises will appear. This is the way for the defense industry to gradually become an organic part of the country's industrial body.

Building and training the ranks are the decisive measures in building and expanding our country's defense industry. In an open market economy, many different measures must be used in order to build scientific and technical ranks for the defense industry. At the production installations, the different generations of workers must help and train each other, and a younger generation of workers must be built. The older technical and managerial cadres must be retrained so that they can keep up with the requirements of modern science and technology, particularly leading technology and managerial knowledge concerning the market economy and business knowledge. Steps must be taken to familiarize the defense industry specialists and technical cadres with the new knowledge and technology of the world. To do this, emphasis must be placed on teaching them foreign languages and giving them an opportunity to visit and train abroad. Coming in contact with the broad world and examining markets and technology will be the basis for the new thinking in building and developing the defense industry. In order to train ranks for the defense industry, particularly in the face of the new requirements, the state must implement policies and create the conditions to enable the defense industry to hire many excellent specialists and intellectuals or mobilize them to support the defense industry using many forms.

Along with the resolutions of the Communist Party of Vietnam [CPV] Central Committee and Politburo that guide the defense industry, the resolution of the Seventh Plenum of the CPV Central Committee (Seventh Term) on expanding industry and developing technology to the year 2000 based on industrializing and modernizing the country and building the working class in the new stage is a motive force that will put the defense industry on a very difficult but bright path in its process of development.

*** Prospects for Stock Market Examined**

952E0006A Hanoi THOI BAO KINH TE VIET NAM
in Vietnamese 17 Aug 94 p 10

[By Nguyen Dac Hung]

[FBIS Translated Text] A stock market is a characteristic of a market economy. Because Vietnam is developing an economy based on a market mechanism, it must certainly establish a stock market. Only by establishing a stock market will it be possible to form and expand a capital market in Vietnam.

A stock market has basic positive aspects. It is a tool for drawing the savings and temporarily idle capital in society into long-term investment. This will generate capital for the government and local authorities that they can use to build and develop the infrastructure. Also, this is the simplest way to attract foreign investment capital, and it is a tool for reducing inflationary pressures and stimulating enterprises to work more effectively.

Along with the positive aspects, there are also negative aspects. Those involved in the securities business seek to make a profit from changes in stock prices. Because of this, there will be speculation in stocks. This will create an artificial supply-demand relationship on the stock market that speculators can use to make illegal profits. This will disrupt both the stock market and the economy. At the same time, this will give rise to a group of people, mostly younger people, who do not participate in commercial production but who make their living by buying and selling stock on the stock market.

Three Stock Market Principles

The organization of stock market activities is controlled by three basic principles: the principle of middlemen, the principle of auction price, and the principle of openness.

The middleman principle: The stock market is not run directly by those who want to buy stock but by stockbrokers. These are stock brokerage corporations. As for the principle of auction price, the price of a stock on the stock market is determined by the stockbrokers through price negotiations between brokers who want to buy and brokers who want to sell. The price of a stock is set once the two sides reach an agreement.

As for the principle of openness, all of the activities on the stock market are conducted openly. All types of stocks are traded on the stock market, and the financial situation and business results of the corporations that issue stock are made public. The number of shares and share price of each type of stock is stated openly on the market and in other means of information. The principle of openness is aimed at protecting the rights of the investors and ensuring that they are not misled when picking stocks.

These three principles are fully understood in the legal system, and they are implemented by a system of organizations that manage and monitor the market.

Four Factors in Creating an Operating Environment

Organizing a stock market is not very difficult. The difficult thing is to ensure that the stock market operates in a regular, wholesome, and effective manner and to

keep it expanding. To ensure that the stock market operates effectively and that it expands constantly, four basic factors are involved: the economic factor, the financial factor, the legal factor, and the psychological and material and technical factor.

Looking at these factors in view of the situation that exists in Vietnam, we can see:

Concerning the economic and financial factors, the state is developing a multi-faceted market economy with many different types of commercial ventures in the economy, and the government advocates privatizing [selling shares in] a large number of the state enterprises. This is an important requirement in forming a stock market. At the same time, to ensure that privatization is carried out well, there must be a stock market.

Along with this, the matter of creating "commodities" for the stock market is being carried on urgently. Besides accelerating privatization of the state enterprises, the issuing of various types of bonds is being expanded. This includes central government bonds (state treasury bonds issued by the Ministry of Finance on 20 June 1994), local government bonds (municipal bonds issued by the Ho Chi Minh City People's Committee), commercial bonds (issued by the Vietnam Cement General Corporation on 1 July 1994), State Bank bonds, and bonds issued by commercial banks. All of these bonds can be traded, transferred, mortgaged, or pledged. In the future, it will be possible to exchange them on the stock market. A bond and securities market will be formed in Vietnam.

As for the legal factor, not every enterprise will have the right to issue stock or sell stock at a stated price. Before an enterprise can issue stock, it must first obtain permission from the National Securities Commission. At the same time, there must be a securities law, a bankruptcy law, a commercial law, an investment law, and so on.

The Vietnam State Bank committee studying the establishment of a capital market recently completed three draft documents related to the formation of a stock market in our country:

A plan to establish a stock market in Vietnam. (This clearly lists the things that must be done from now until the establishment of the first Securities Exchange Service in Ho Minh City.)

A decree on stocks and a stock market (which consists of 101 articles). This discusses issuing, announcing, trading, paying for, and transferring stock (including foreign investment capital, investment funds, and the issuing of commercial bonds).

A decree on the National Securities Commission. According to the draft, the National Securities Commission will be directly subordinate to the government.

These three draft documents have been submitted to the National Finance and Currency Council and the government. At the same time, the State Bank is drafting

guidance documents such as Securities Exchange Service Statutes, Regulations on Stock Transfers and Settlements, and so on. The main draft documents have been translated into the English language and sent to the IFC [International Finance Corporation]. At the same time, the National Assembly has passed an investment law and a commercial bankruptcy law. These are now being implemented. An economic court has begun functioning, and national auditing activities are being strengthened.

Concerning the psychological factor, there are several important questions: Is investing money in stocks as safe as depositing money into a savings account or buying treasury bonds? When money is needed, will it be easy for the stockholder to sell stock and still earn a profit?

In organizing the stock market, the organizations responsible must answer those questions. At the same time, the people must be given good guidance so that they understand things and voluntarily participate in trading securities on the stock market. This is very important.

The material and technical factors of the stock market consist of a pure material and technical base and people. This includes machinery, equipment, means of information and accounting, trading offices and stockbrokers, stock specialists, and stock regulatory organizations.

Concerning this, there are plans to establish the first Securities Exchange Service in Ho Chi Minh City. But the human factor is the question that is being raised. Initially, Vietnam can hire foreign specialists. But for the long term, our country must make the stock market a part of the curriculum at the economic, finance, banking, and instructional colleges.

During the first half of 1994, with the cooperation of a number of international organizations, the Vietnam State Bank held two six-week training classes on stock market activities in Ho Chi Minh City. From now until the end of 1994, the State Bank, in conjunction with the ODA plan of the UK Government, will open two securities training centers in Hanoi and Ho Chi Minh City. It is predicted that by the end of 1995, a total of 510 cadres will have been trained for the National Securities Commission, the Securities Exchange Service, and the commercial banks. These cadres will be trained both here and abroad, and grade examinations will be organized based on international standards.

Those are the four basic factors for establishing a stock market. If those four factors are present, the stock market will operate well. The specific situation in Vietnam today shows that a good stock market, even a very simple market, like those in other countries cannot yet be organized here. This is because even though some of the necessary factors are present, we still lack some of

the other factors. We must take suitable steps in accord with Vietnam's conditions and capabilities.

Establishing a stock market in Vietnam will be very difficult, but this is possible. We cannot, however, rush things. We must determine what is suitable for Vietnam, study the successes and failures of other countries, and create a suitable environment concerning the law, the economy, cadres, the material and technical base, and social psychology. The birth of a stock market will be a new step concerning capital markets in Vietnam. This will quickly attract foreign investment capital. If everything proceeds as planned, the first Securities Exchange Service will go into operation in Ho Chi Minh City at the beginning of 1995.

*** Rule on Workers Confederation Issues Enacted** **95P30005**

[Editorial Report] According to the 6 September Hanoi QUAN DOI NHAN DAN on page 1, the SRV Government recently promulgated a new regulation concerning its relations with the Vietnam Confederation of Workers [VCW].

The regulation consists of nine points that define the coordination and cooperation process through which the government deals with issues of particular concern to the VCW. The regulation covers the drafting of legislation and policies on labor, wages, workers protection, and other social policies directly affecting workers' rights and responsibilities, including the organization of worker emulation movements.

The regulation also establishes a process to handle workers' complaints. The VCW can designate representatives for inspection teams overseeing the implementation of laws, regulations, and policies that affect workers' rights and responsibilities. Each year, the VCW will draw up an operating budget, and if its income could not cover the organization's needs, the government would consider providing support. The VCW chairman may be invited to attend official sessions held to deal with issues directly affecting the lives of workers or VCW operations. The prime minister or other government members may be invited to attend meetings of the VCW presidium or executive committee.

The new regulation stipulates that the Ministry of Foreign Affairs is responsible for helping the VCW in the area of international cooperation. It also explains how the VCW and government ministries and agencies are to exchange information.

According to the 7 September Hanoi NHAN DAN on page 1, the prime minister signed the regulation on 27 August, making it effective immediately.

Australia**Evans Vows To Help Cambodia Defeat Khmer Rouge***BK0311030194 Melbourne Radio Australia in English
0100 GMT 3 Nov 94*

[FBIS Transcribed Text] Australia's foreign affairs minister, Gareth Evans, has reaffirmed his commitment to aid the Cambodian Government to help defeat the rebel Khmer Rouge. His comments follow confirmation of the death of three Western hostages abducted by the guerrilla group. Australian David Wilson, Briton Mark Slater, and Frenchman Jean Michel Braquet were kidnapped from a train in July.

David Spicer reports that Senator Evans has expressed his deepest sympathy to their families.

[Begin Spicer recording] Sen. Evans has expressed the government's condolences to the families of Mr. Wilson and his two European traveling companions. The foreign minister says the Khmer Rouge must bear sole responsibility for their murder, as it appears they never had any real intention of negotiating for the release of the hostages. Sen. Evans says negotiations were hampered by a large media contingent which muddled the waters of communication.

The foreign minister says the international community must continue to assist Cambodia. He has pledged to take a submission soon to cabinet to coordinate military assistance with other countries to help the Cambodian Government destroy the Khmer Rouge. [end recording]

Defense Minister Opens Ammunition Factory*BK0211083494 Melbourne Radio Australia in English
0500 GMT 2 Nov 94*

[FBIS Transcribed Text] Australia's defense minister, Senator Robert Ray, has started up a production line in the first stage of the \$150 million [Australian dollars] Australian Defense Industry's ammunition plant at the Benalla in Victoria.

Senator Ray has praised the cooperation which exists between the company and the local community. He says the partly completed plant is Australia's first rural ammunition manufacturing facility since the Second World War.

[Begin Ray recording] Today's events mark a further important step in the maturity of Australia's defense policy [words indistinct]. For a country the size of Australia, we must decide what capabilities are essential to be maintained in Australia and what we can afford within the overall strategy of self-reliance. This is a challenging task for the government and its military and civilian advisers given the increasing complexities of our changing strategic circumstances. [end recording]

Papua New Guinea**Bougainville Rebel Fears Government 'Crackdown'***BK0211113394 Hong Kong AFP in English 0851 GMT
2 Nov 94*

[FBIS Transcribed Text] Sydney, Nov 2 (AFP)—A secessionist rebel leader warned here Wednesday of escalating violence on the troubled Papua New Guinea [PNG] island province of Bougainville following the collapse of peace talks.

Moses Havini, Australian representative of the self-styled Bougainville Interim Government (BIG), the political wing of the Bougainville Revolutionary Army (BRA), arrived here from the Solomon Islands capital of Honiara. He said he left the Solomons following a statement Tuesday by Papua New Guinea Prime Minister Sir Julius Chan that he would hunt down and bring to trial BRA rebels who defied peace.

"Chan appears to have thrown in his lot with extremist elements within the PNG army and Bougainvilleans can expect the war to be renewed with increased ferocity," Havini said. "After 23 days in Honiara trying to get to the peace talks in Arawa, I fled yesterday... basically for the safety of my life."

Peace talks between government, rebel and other groups collapsed last month when rebel BRA leaders failed to take part, citing security fears. Havini said that BRA leaders, including ground forces commander Sam Kauona and BIG president Francis Ona, who were still on Bougainville, were being (?hunted) "by what appears to be a mercenary...group of people."

Havini said he believed the Papua New Guinea government's crackdown on Bougainville rebels could extend outside the country's borders.

"The government will ensure that those individuals who continue to defy reason and accords for peace and reconciliation are hunted down and brought to bear justice under the existing law," Chan said in Tuesday's statement.

The BIG said in a statement received in Sydney, Australia, that Chan was seeking to trigger further violence on Bougainville.

"The BIG chairman Joseph Kabui has accused Chan of trying to reignite the war on Bougainville following a provocative statement that he would track down and punish BRA leaders," it said. The rebels' statement said it had "reliable intelligence" that there was a plot to capture or kill BRA members "using the negotiations as a trap," and Chan's declaration "only proves that this has been on his agenda from the beginning."

The Bougainville crisis was triggered by local grievances over the once-lucrative Panguna copper mine, owned by Bougainville Copper Ltd, of which Australian miner CRA is the major shareholder. The mine was closed in May 1989 amid escalating violence as the rebels launched their fight for independence.

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